5006. Also, petition of the Durable Goods Industries Committee, Washington, D.C., opposing the enactment of the Wagner labor disputes bill at this session of Congress; to the Committee on Labor.

5007. Also, petition of the Indian Rights Association, Philadelphia, Pa., concerning Senate bill 3645; to the Committee on Indian Affairs.

5008. By Mr. MARTIN of Massachusetts: Petition of the Society for Propagating the Gospel Among Indians and Others in North America, urging passage of the Wheeler-Howard bill; to the Committee on Indian Affairs.

5009. By Mr. RUDD: Petition of the Brooklyn Eastern District Terminal, Brooklyn, N.Y., opposing the Wagner labor disputes bill; to the Committee on Labor.

5010. Also, petition of Francis Brewster, vice president, Asia, New York City, opposing the Wagner labor bill in its present form; to the Committee on Labor.

5011. Also, petition of the Jacobs Bros. Co., Inc., Brooklyn, N.Y., opposing the Wagner labor board bill; to the Committee on Labor.

5012. Also, petition of the Burton-Dixie Corporation, Frank Buck, eastern sales manager, Brooklyn, N.Y., opposing the passage of the Wagner labor bill (S. 2936); to the Committee on Labor.

5013. Also, petition of the Seabrook Bedding Co., Inc., Brooklyn, N.Y., opposing the passage of the Wagner labor bill (S. 2926); to the Committee on Labor.

5014. Also, petition of the Turner Halsey Co., New York City, favoring the repeal of the tax on coconut oil; to the Committee on Ways and Means.

5015. Also, petition of the National Building Granites Quarries Association, New York City, favoring the passage of House bill 9696; to the Committee on Ways and Means.

5016. Also, petition of the Callahan Can Machine Co., Inc., Brooklyn, N.Y., opposing the new Wagner disputes bill; to the Committee on Labor.

5017. Also, petition of the Manufacturers Trust Co., Brooklyn, N.Y., opposing the new Wagner disputes bill; to the Committee on Labor.

5018. Also, petition of the Gleason-Tiebout Glass Co., Brooklyn, N.Y., opposing the Wagner disputes bill; to the Committee on Labor.

5019. Also, petition of the Scranton & Leigh Coal Co., Brooklyn, N.Y., opposing the passage of the new Wagner disputes bill; to the Committee on Labor.

5020. By Mr. SADOWSKI: Petition of the Oil and Gas Producers Association of Michigan; to the Committee on Ways and Means.

5021. By the SPEAKER: Petition of the Ukrainian Workingwomen's Educational Society, supporting House bill 7598; to the Committee on Labor.

SENATE

THURSDAY, JUNE 7, 1934

(Legislative day of Wednesday, June 6, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Wednesday, June 6, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the bill (S. 1358) to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark., with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bill and joint resolution, in which it requested the concurrence of the Senate:

H.R. 9690. An act to place the tobacco-growing industry on a sound financial and economic basis, to prevent unfair competition and practices in the production and marketing of tobacco entering into the channels of interstate and foreign commerce, and for other purposes; and

H.J.Res. 352. Joint resolution to provide funds to enable the Secretary of Agriculture to cooperate with States in control of chinch bugs.

HOUSE BILL REFERRED

The bill (H.R. 9690) to place the tobacco-growing industry on a sound financial and economic basis, to prevent unfair competition and practices in the production and marketing of tobacco entering into the channels of interstate and foreign commerce, and for other purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

CONTROL OF THE CHINCH BUG

The joint resolution (H.J.Res. 352) to provide funds to enable the Secretary of Agriculture to cooperate with States in control of chinch bugs was read twice by its title and referred to the Committee on Appropriations.

Mr. GLASS subsequently said: From the Committee on Appropriations I report back favorably without amendment House Joint Resolution 352, appropriating a million dollars to arrest the progress of the chinch bug in the Western States. It has been approved by the Director of the Budget for the President and is immediately needed. So I ask unanimous consent for the present consideration of the joint resolution.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the joint resolution will be read.

The joint resolution was read, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That to enable the Secretary of Agriculture to apply such methods of control of chinch bugs as in his judgment may be essential to accomplish such purposes, in cooperation with such authorities of the States concerned, organizations, or individuals, there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, to remain available until December 31, 1934, the sum of $1,000,000: *Provided*, That this appropriation shall be used for expenditures of general administration and supervision, purchase and transportation of materials used for the control of chinch bugs, and such other expenses as in the discretion of the Secretary of Agriculture may be deemed necessary, including the employment of persons and means in the District of Columbia and elsewhere and rent outside the District of Columbia: *Provided further*, That the cooperating State shall be responsible for the local distribution and utilization of such materials on privately owned lands, including full labor costs: *Provided further*, That, in the discretion of the Secretary of Agriculture, no part of this appropriation shall be expended for chinch-bug control in any State until such State has provided the necessary organization for the cooperation herein indicated: *Provided further*, That procurements under this appropriation may be made by open-market purchase notwithstanding the provisions of section 3709, Revised Statutes: *And provided further*, That no part of this appropriation shall be used to pay the cost or value of farm animals, farm crops, or other property injured or destroyed.

INVESTIGATION OF RELATIONSHIP BETWEEN CONTRACTORS AND EMPLOYEES

Mr. WALSH. Mr. President, for the information of the Senate, I desire to state that the following members of the Committee on Education and Labor have been appointed a subcommittee under Senate Resolution 228 (agreed to on the calendar day of May 30, 1934), authorizing an investigation of the relationship existing between certain contractors and their employees engaged in the construction of public projects in the United States:

Mr. WALSH, of Massachusetts, chairman; Mr. COPELAND, of New York; Mr. MURPHY, of Iowa; Mr. THOMAS, of Utah; Mr. WALCOTT, of Connecticut, and Mr. DAVIS, of Pennsylvania.

PAYMENTS OF JUDGMENTS AND CLAIMS AND SUPPLEMENTAL ESTIMATES

The VICE PRESIDENT laid before the Senate eight communications from the President of the United States, together with accompanying letters and related papers from the Director of the Bureau of the Budget, transmitting, pursuant to law, the following matters, which, with the accompanying papers, were severally referred to the Committee on Appropriations and ordered to be printed:

A supplemental estimate of appropriation pertaining to the legislative establishment, under the Architect of the Capitol, for maintenance of the Senate Office Building, fiscal year 1935, amounting to $31,800 (S.Doc. No. 195);

Schedules of claims, amounting to $212,001.18, allowed by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund (S.Doc. No. 197);

Records of judgments rendered against the Government by district courts, as submitted by the Attorney General through the Secretary of the Treasury, amounting to $18,518.60 (S.Doc. No. 198);

Estimates of appropriations submitted by the several executive departments and independent offices to pay claims for damages to privately owned property, amounting to $16,920.08, which have been considered and adjusted and require appropriations for their payment (S.Doc. No. 201);

A list of judgments rendered by the Court of Claims, which have been submitted by the Attorney General through the Secretary of the Treasury and require an appropriation for their payment, amounting to $193,143.43 (S.Doc. No. 196);

Schedules of claims allowed by the General Accounting Office, covering judgments rendered by the district courts against collectors of customs, amounting to $6,105.40 (S.Doc. No. 194);

An estimate of appropriation required by the Department of the Interior for the payment of a claim allowed by the General Accounting Office, amounting to $130.13, for return of funds of deceased patients, St. Elizabeths Hospital (S.Doc. No. 199); and

A supplemental estimate of appropriation required for the Treasury Department, amounting to $11,866.27, for the payment of claims allowed by the General Accounting Office for interest on amounts withheld from claimants by the Comptroller General of the United States (S.Doc. No. 200).

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution adopted by the Legislature of the State of Louisiana, which was referred to the Committee on Public Lands and Surveys:

Senate Concurrent Resolution No. 6

By Messrs. A. Sidney Nunez and Charles A. Byrne

Concurrent resolution petitioning and memorializing the President of the United States and the United States Congress to establish a national memorial park on the battlefield of Chalmette in commemoration of the Battle of New Orleans

Whereas the Battle of New Orleans on January 8, 1815, definitely destroyed all hopes of the victorious British to undo the American Revolution and to encompass the United States by British domination from Canada to the Gulf and made secure the American control of the Mississippi outlet to the sea and all of the Louisiana Purchase; decided the destiny of the South, the Floridas, and the Middle West; and made possible the extension of our boundaries to include Texas, the Southwest, California, and the Oregon country; and

Whereas this battlefield typifies the indomitable courage, resourcefulness, enterprise, skill, and fearlessness of the true American spirit in the face of an overwhelming army, and should express the sentiments and high purpose of the whole Nation for living generations to comprehend, respect, and emulate according to the concepts, principles, and deeds of our forefathers, and worthily to transmit to future generations untarnished and undefiled our splendid heritage; and

Whereas the said battlefield is rapidly being occupied by industrial and port developments, which are attended with present and larger future enhancements in land values and with almost ruthless obliteration of objects of great historic interest to all parts of the Nation and to all future generations, much to the discredit of the vision and patriotism of the present generation; and

Whereas to identify that part of the battlefield on which the actual battle occurred, the Legislature of Louisiana in 1852 purchased the site on which the Chalmette Monument is located, and in 1907 transferred it to the United States, and the city of New Orleans in 1868 donated to the United States the Chalmette National Cemetery site, both sites comprising approximately 29 acres and an area totally inadequate to commemorate the importance of this historic battlefield; and

Whereas the War Department in 1931 authorized a survey to be made, the results of which were later included in a message from the President of the United States to Congress, recommending the expenditure of $468,000 for the purpose of acquiring all of the area adjacent to and embracing the Jackson breastworks and that part of the battlefield on which the actual battle occurred; and

Whereas there now exists an unemployment emergency affecting the entire Nation, which makes necessary a great public-works program, and since this project is a most worthy part of that program and one which will give employment to a large number of the unemployed of our State: Therefore be it

Resolved, That the Legislature of Louisiana, assembled in regular session this 24th day of May 1934, do hereby petition, memorialize, and urge the President of the United States and the United States Congress to authorize the establishment of a national memorial park on the battlefield of Chalmette and to acquire the necessary acreage to provide a park commensurate in size with the importance of the said battlefield and one which will properly commemorate the memory of our immortal hero, Gen. Andrew Jackson, and the men who fought under him to preserve this Nation for the American people; be it further

Resolved, That it is also recommended that this proposed national memorial park be made a Federal Public Works project, so as to provide employment to those of our citizens who presently are unable to procure employment owing to the existing economic conditions affecting the entire Nation, and that House Report No. 8625, introduced by Congressman J. O. FERNANDEZ, and Senate bill 3577, introduced by Senator JOHN H. OVERTON, authorizing the establishment of the said national park, and now pending before Congress, be duly adopted; be it further

Resolved, That copies of these resolutions be transmitted to Hon. Franklin Delano Roosevelt, President of the United States; to the United States Congress; the Senators Huey P. Long and John H. Overton and to the Louisiana congressional delegation; to Mr. Harold L. Ickes, Secretary of the Department of the Interior and Public Works Administrator; to Mr. Arno B. Cammerer, Director of National Parks, Buildings, and Reservations, of the Department of the Interior; and to Mr. Verne Chatelain, Chief Historical Division, of the Department of the Interior.

JNO. B. FOURNET,
Lieutenant Governor and President of the Senate.
ADLER J. GELLENDER,
Speaker of the House of Representatives.
OSCAR K. ALLEN,
Governor of the State of Louisiana.

The VICE PRESIDENT also laid before the Senate a telegram in the nature of a petition from Jos. J. Miller, president of the Twenty-ninth Ward Democratic Club, of Philadelphia, Pa., on behalf of the club, praying that Congress do not adjourn the present session until all of the legislation recommended by the President is enacted into law, and also that a central United States bank be created and Federal Reserve privately owned banks be abolished, which was referred to the Committee on Banking and Currency.

He also laid before the Senate the petition of E. A. Tippins, on behalf of certain unemployed persons of Seminole County, Fla., praying for the enactment of unemployment relief legislation, especially the extension of aid and work to the heads of families, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution adopted by the common council of the city of Milwaukee, Wis., favoring the enactment of legislation to relieve the delinquent-tax situation through discount operations of member banks of the Federal Reserve System, which was referred to the Committee on Finance.

He also laid before the Senate the petition of L. H. Johnson and sundry other citizens of Minneapolis, Minn., praying for the prompt passage of the so-called "Patman bill", providing cash payment of the balance due World War veterans on their adjusted-service certificates, which was ordered to lie on the table.

He also laid before the Senate a telegram signed by members of the Texas Good Roads Association, Houston, Tex., favoring the making of appropriation in pending legislation of at least $200,000,000 for highways as provided in the so-called "Cartwright bill", which was ordered to lie on the table.

He also laid before the Senate a telegram in the nature of a petition from the executive committee of the Brotherhood of Railway Steamship Clerks, Freight Handlers, and Express Station Employees, Wabash Railway, of St. Louis, Mo., praying for the passage of the bill (S. 3231) to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes, which was ordered to lie on the table.

Mr. ROBINSON of Arkansas presented a telegram from Walter Parker, of New Orleans, La., relative to the so-called "commodity exchange control bill", which was referred to the Committee on Agriculture and Forestry.

REPORTS OF COMMITTEES

Mr. NYE, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 3705) to extend the boundaries of the Grand Teton National Park in the State of Wyoming, and for other purposes, reported it without amendment and submitted a report (No. 1286) thereon.

Mr. BAILEY, from the Committee on Claims, to whom were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 471. An act for the relief of Physicians and Surgeons Hospital, Ltd. (Rept. No. 1272);

H.R. 529. An act for the relief of Morris Spirt (Rept. No. 1273);

H.R. 1306. An act for the relief of Clarence A. Wimley (Rept. No. 1274);

H.R. 1308. An act for the relief of John Parker Clark, Sr. (Rept. No. 1275);

H.R. 1345. An act for the relief of John Parker Clark, Jr. (Rept. No. 1276);

H.R. 1354. An act for the relief of C. V. Mason (Rept. No. 1277);

H.R. 1792. An act for the relief of Michael Petrucelli (Rept. No. 1278);

H.R. 2038. An act for the relief of Jeanie G. Lyles (Rept. No. 1279);

H.R. 3791. An act for the relief of Gustav Welhoelter (Rept. No. 1280);

H.R. 5584. An act for the relief of William J. Kenely (Rept. No. 1281);

H.R. 7816. An act for the relief of Oswald H. Halford, Hunter M. Henry, William C. Horne, Rupert R. Johnson, David L. Lacey, William Z. Lee, Fenton F. Rodgers, Henry Freeman Seale, Felix M. Smith, Edwin C. Smith, Robert S. Sutherland, and Charles G. Ventress (Rept. No. 1282);

H.R. 7893. An act for the relief of Ralph LaVern Walker (Rept. No. 1283); and

H.R. 8328. An act for the relief of the heirs of C. K. Bowen, deceased (Rept. No. 1284).

Mr. BAILEY also, from the Committee on Claims, to whom was referred the bill (H.R. 434) for the relief of Bernard McShane, reported it with an amendment and submitted a report (No. 1285) thereon.

Mr. LOGAN, from the Committee on Civil Service, to which was referred the bill (S. 2702) to amend the Civil Service Retirement Act of May 29, 1930, and for other purposes, reported it with an amendment and submitted a report (No. 1287) thereon.

Mr. PITTMAN, from the Committee on Foreign Relations, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 574. An act for the relief of Lillian G. Frost (Rept. No. 1288); and

H.R. 5357. An act for the relief of Alice M. A. Damm (Rept. No. 1289).

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, June 7, 1934, that committee presented to the President of the United States the following enrolled bills:

S. 620. An act for the relief of Catherine Wright;

S. 1430. An act for the relief of M. Thomas Petroy;

S. 1731. An act for the relief of Marion Von Bruning (nee Marion Hubbard Treat);

S. 2041. An act to amend the act of June 15, 1933, amending the National Defense Act of June 3, 1916, as amended;

S. 2377. An act for the relief of A. E. Shelley;

S. 2692. An act relating to the record of registry of certain aliens;

S. 3170. An act to revise air-mail laws and to establish a commission to make a report to the Congress recommending an aviation policy;

S. 3524. An act to amend an act of Congress approved February 9, 1893, entitled "An act to establish a Court of Appeals for the District of Columbia, and for other purposes";

S. 3586. An act for the relief of George A. Fox; and

S. 3641. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Ogdensburg, N.Y.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 3752) granting a pension to Mary Harrington Niblack; to the Committee on Pensions.

A bill (S. 3753) granting to the Water Project Authority of the State of California, a body politic and corporate of said State, certain lands, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. McKELLAR:

A bill (S. 3754) for the relief of C. T. Mingle; to the Committee on Post Offices and Post Roads.

By Mr. BULKLEY:

A bill (S. 3755) for the relief of H. A. Taylor; to the Committee on Claims.

By Mr. NEELY:

A bill (S. 3756) authorizing the Brookewell Bridge Co. to construct, maintain, and operate a toll bridge across the Ohio River at or near Wellsburg, W.Va.; to the Committee on Commerce.

By Mr. WAGNER:

A bill (S. 3757) for the relief of Harriet V. Schindler; to the Committee on Claims.

By Mr. WHEELER:

A bill (S. 3758) for the relief of Robert D. Baldwin; and

A bill (S. 3759) for the relief of Charles E. Dagenett; to the Committee on Indian Affairs.

By Mr. PITTMAN:

A bill (S. 3760) to authorize the President to transfer to the Government of Haiti without charge to that Government certain property of the United States in Haiti; and

A bill (S. 3761) to authorize an annual appropriation of $10,000 to pay the pro rata share of the United States of the expenses of the Pan American Institute of Geography and History at Mexico City; to the Committee on Foreign Relations.

By Mr. HARRISON:

A joint resolution (S.J.Res. 135) to amend the Settlement of War Claims Act of 1928, as amended; to the Committee on Finance.

SALLY D. THOMAS

Mr. GLASS submitted the following resolution (S.Res. 262), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Sally D. Thomas, widow of Madison Thomas, late a laborer of the Senate under supervision of the Sergeant at Arms, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

ELSA M'GUIRE

Mr. BARKLEY submitted the following resolution (S.Res. 263), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Elsa McGuire, widow of E. E. McGuire, late an assistant clerk to the Committee on the Library, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Reynolds
Ashurst	Couzens	Keyes	Robinson, Ark.
Austin	Cutting	King	Russell
Bachman	Davis	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Lonergan	Smith
Barkley	Duffy	Long	Steiwer
Black	Erickson	McCarran	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Brown	Frazier	McNary	Thompson
Bulkley	George	Metcalf	Townsend
Bulow	Gibson	Murphy	Tydings
Byrd	Glass	Neely	Vandenberg
Byrnes	Goldsborough	Norbeck	Van Nuys
Capper	Gore	Norris	Wagner
Caraway	Hale	Nye	Walcott
Carey	Harrison	O'Mahoney	Walsh
Clark	Hatch	Overton	Wheeler
Connally	Hatfield	Patterson	White
Coolidge	Hayden	Pittman	
Copeland	Johnson	Pope	

Mr. LEWIS. I announce the absence of the Senator from California [Mr. McAdoo], occasioned by illness, and the absence of the Senator from Florida [Mr. Trammell], who is necessarily detained from the Senate.

Mr. FESS. I desire to announce that the Senator from Delaware [Mr. Hastings], the Senator from Rhode Island [Mr. Hebert], the Senator from Pennsylvania [Mr. Reed], and the Senator from Indiana [Mr. Robinson] are necessarily absent.

The PRESIDING OFFICER (Mr. Reynolds in the chair). Ninety Senators have answered to their names. A quorum is present.

CONFEDERATE CEMETERY, FAYETTEVILLE, ARK.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1358) to provide for the improvement of the approach to the Confederate Cemetery, Fayetteville, Ark., which were to strike out all after the enacting clause and insert:

That the Highway Department of the State of Arkansas is hereby authorized and directed to expend not to exceed $12,800 out of any sums heretofore or hereafter granted to such highway department under the provisions of title II of the National Industrial Recovery Act, in the construction of an 18-foot concrete pavement on approaches to the Confederate Cemetery and the National Cemetery at Fayetteville, Ark., as follows: (1) From Mill Avenue in said city east on East Rock Street to the east side of the Confederate Cemetery, a distance of approximately 1,300 feet; and (2) from West Fourth Street in said city south on Government Avenue extended to the main entrance of the National Cemetery just south of the southern limits of said city, a distance of approximately 1,060 feet.

And to amend the title so as to read: "An act to provide for the improvement of approaches to the National Cemetery and the Confederate Cemetery at Fayetteville, Ark."

Mrs. CARAWAY. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

FINANCIAL STATEMENT OF SENATE RESTAURANT

Mr. TOWNSEND. Mr. President, I ask unanimous consent to have printed in the Record the financial statement of the Senate restaurant from March 1, 1933, to May 31, 1934.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Financial statement of the Senate restaurant, Mar. 1, 1933, to May 31, 1934

Mar. 1, 1933, deficit	$1,540.74
May 31, 1934:	
Food profit	20,371.36
Cigar profit	1,564.70
Actual food and cigar profits	21,936.06
Actual cash on hand as of May 31, 1934	21,711.98

Senate Restaurant, United States Capitol,
J. E. Meaney, *Manager*.

THE SCHOOLS IN LOCAL REVIVAL—ADDRESS BY C. R. MANN

Mr. NORRIS. Mr. President, I ask unanimous consent to have printed in the Record a radio talk June 5, 1934, by Mr. C. R. Mann, a noted leader in educational matters, on the subject The Schools in Local Revival.

There being no objection, the address was ordered to be printed in the Record, as follows:

THE SCHOOLS IN LOCAL REVIVAL

Most of the previous talks in this series of radio discussions on reviving local government have dealt with financial aspects of the problem. They have told, for example, how various communities have reduced salaries and have struggled to cut out wastes and unnecessary duplications in public service in order to reduce expenditures; and have waged pay-your-taxes campaigns in order to increase income. We have thus been shown how by such devices as these it is possible to maintain essential public services within available resources even though income is sharply reduced.

The topic of this broadcast is the schools in local revival. If we were to treat it from the point of view of the previous broadcasts, the story is soon told. For, by and large, schools have taken their share of the budget cuts that have been made. In some cases these cuts have reduced school expenditures to zero. Then, either schools have been closed, so that several million children had no chance for schooling; or teachers have worked without pay. In other cases, where the cut has not been so drastic, some teachers have been let out, and schools have carried on as best they could with worn-out equipment to care for increasing numbers of pupils who came back to school because they could find nothing else to do. In short, though the financial debacle has put the teachers on short rations, their devotion to the children has kept the school system in operation with relatively little change.

If temporary budget cuts and meager material subsistence were all that school men and women had to endure, the situation would not be serious. For the struggle for existence is a perennial source of discipline and of strength. But the sad fact of the past few years is the increasing evidence of the weakening of the faith of the people in their schools. In pioneer days the building of a school was one of the first concerns of every newly settled community. The little red schoolhouse became, like the Stars and Stripes, a symbol of American aspiration. But now not only a scattered community here and there but even whole States permit their schools to close for lack of support because debt service and road building are regarded as prior claims on such resources as they have.

Of similar significance are the organized drives of taxpayers' associations to reduce school budgets, cut out the fads and frills, and return to the good old days when the three R's were good enough schooling for anyone. Only recently a well-known and prosperous banking house refused to renew some school bonds of a solvent residential community unless they would reduce teachers' salaries and cut out music and art, though the town could well afford to maintain both.

The emergency relief work of the Federal Government has brought to light much evidence of the growing distrust of the people for current schooling. For example, the C.C.C. camps, by making a detailed inventory of hundreds of thousands of unemployed young men, have brought to light some of the specific reasons why the public question the value of present-day schooling for these thousands of young men. A recent editorial in Happy Days, a weekly newspaper written by the C.C.C. for the C.C.C., contains an editorial on this subject. After describing the sense of futility that haunted the enrollees before enlisting in the camp, that editorial ends with these words: "Here we are in the C.C.C. We're 300,000 fellows out of work, unfit to handle a job, to vote intelligently, to choose a wife, or to raise children. Yet, in 10 years, most of us will have made a stab at all of them. And we'll have made a mess of it! Is America going to let our kids grow up to be the impractical, untrained, and ignorant drifters that we are?"

How many Americans are now asking this same question? Probably most of those who are employed in the school system are not inclined to take it seriously. But this C.C.C. enrollee is 1 of 10,000,000 unemployed. They all know the pangs of hunger in the midst of plenty. They are familiar with the fear of losing a job that haunts the 45,000,000 artisans who work for wages. In addition, many other millions are wondering how men who are products of our schools could be so illiterate economically as to lead or be led into such a depression as this. They note also the steady increase of racketeering, of bootlegging, and of kidnaping by men and women whose schooling was presumably designed to help them become law-abiding citizens rather than lawless drifters. No; we protected pedagogues must not make the mistake of ignoring the seriousness of this question. Millions are asking it in all sincerity.

What can be done about it? School teachers know even better than does the public that conventional schooling does not meet the needs of a large proportion of the pupils, particularly at the high-school level. But they are not allowed to do anything effective about it. If a school allows controversial subjects, such as public ownership of public utilities, to be freely discussed in schools, pressure is brought by big business on the school board to stop it. If high-school youngsters are encouraged in school to find out how municipal government is actually run instead of learning from a book a paper theory of government, local politicians apply pressure to stop it. If the superintendent protests against padding of the pay roll with salaries for the sisters and the cousins and the aunts of school-board members, the school board will get him. If a few graduates of the school fail to meet requirements for admissions to college, pressure from angry parents soon forces the return to conventional paths. So the school teachers, though many of them know better, yield to one after another of these vociferous minority groups and the school program retains its traditional content and form which experience has shown offends none but the children, who cannot speak for themselves.

Recently the board of education in a well-known city invited a small group of educators to consult with them about their schools. The town was facing bankruptcy. The budgets for all public services had been cut to the bone. The question was, Can the school budget be cut further without serious educational injury to the children? After careful investigation the consultants recommended a reduction in the number of subjects required of students and the introduction of activity programs that would tend to make the pupils do more work and the teachers less. By these changes the educational value of the work would be increased and the cost reduced some 10 percent. The proposals were rejected by the school board. The reduction in teachers' work would have made superfluous some teachers who were friends of members of the school board and the activity programs would have made their program look queer when compared with the conventional programs of neighboring towns. The best interests of the children were of secondary importance.

So long as such conditions persist schools will continue to turn out economic illiterates, dependents, and drifters who will surely help little in local revival. If you like that sort of thing, then you need do nothing about it. But if you want your children to have a better chance in life than you had, you better get busy and help break the vicious circle in which the teachers and the taxpayers have been chasing each other around for lo these many years, the former saying we cannot give better schooling until we have more money and the latter retorting we won't give you more money till your schooling is worth more.

Numerous schools have tried and are trying to break this vicious circle by giving better schooling for less money. For example, on the college level the University of Minnesota established 2 years ago what it calls the general college. Under the conventional college system it has been the habit there to weed out three or four hundred freshmen annually because of their failure to measure up to traditional academic standards. That flagrant waste of youthful energy and of public money at last so arrested the attention of the faculty that it voted to scrap its ordinary requirements and offer these students a chance to come to grips with current problems that bear directly on the struggle for existence. During the first year over 500 students were enrolled in the college. Instead of failing as they would have done under the old curriculum, most of them became enthusiastic workers in lines that interested them vitally. The responsibility for learning was transferred from the teacher to the student. They made good. The cost to the State of Minnesota for this more vital instruction is much less than is the cost of the conventional instruction.

Another significant example of effective efforts of schools to give better schooling at less cost is the experiment which the State of Nebraska is making with two- and three-teacher rural high schools. Ordinarily in such high schools the content of the curriculum is limited to the subjects which the teachers can teach. In Nebraska any high school can secure from the State university extension department correspondence courses in whatever subjects any student desires to study. The student attends high school regularly and devotes a portion of the school time to the correspondence course under supervision of the high-school teacher. In this way opportunity is given each student to work at something in which he is vitally interested. The students take the responsibility for their own learning and become interested workers, instead of discouraged drifters. And, as in the case of the Minnesota experiment, the cost of such instruction is about half the cost of conventional instruction.

More such experiments as these would soon break that vicious circle. But such dynamic schooling cannot become general if schools are constantly repressed by minorities who fear their vested interests may suffer if the public knows too much. So look into your local situation. Find out if your schools are slaves of tradition and vested interests, turning out impractical, untrained, ignorant drifters, or whether they have defied tradition and the pressure of minority groups and are honestly trying to help children grow into constructive citizens. No school can achieve this latter end and become a vital factor in local revival without the vigorous support of public opinion. The outcome rests in your hands.

FEDERAL BANKRUPTCY ACT—ADDRESS BY HON. CHARLES M. JOHNSON

Mr. BAILEY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD an address on the proposed amendment to the Federal Bankruptcy Act providing for the refinancing of the debts of local government units, by the Honorable Charles M. Johnson, State treasurer of North Carolina.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Public debt is acknowledged to be one of the most outstanding of our present-day economic problems. It is one of the primary causes of the social and economic revolution through which we are passing. If I may, I would define credit as the measure of ability to pay a debt which might be incurred, but it has been frequently and abusively regarded as mere ability to incur a debt without due regard to probable ability to pay. We have often heard the use of the term "unlimited credit." This term has undoubtedly passed out of the vocabulary of sound business and will remain out for some time to come. Nevertheless, when we review the conduct of high finance through the 10-year period prior to 1930, this term "unlimited credit" was indiscreetly and, sad as have been the effects, literally applied.

With respect to local government debt in North Carolina, we are not occupying a very envious position. We have many counties, cities, and towns now in default in the payment of principal and interest on their bonds. Although our State is not the only one confronted with similar difficulties, we should not minimize the gravity of our situation by exercising a feeling of unconcern because some of our sister States are in as deep as we. It is our problem to solve, with the least possible sacrifice of future credit, and without blot on the name of our great State.

Two main factors have contributed to this condition. First, for a number of years leading up to the depression there was a ready market for the sale of State and local government bonds, in most cases at a price above par. The investors sought them generally because they fell within the classification of tax-exempt securities. The only collateral furnished with these bonds was a recital in the bonds themselves that the full faith and credit of the governmental unit issuing them was pledged to the payment of principal and interest at maturity. Further information about their true value was meager, and obviously they were sold in many instances through high-pressure tactics, the seller shielding himself behind the legal doctrine, "Let the buyer beware."

Second, local government units enjoyed a wide credit margin by reason of the fact that their bonds were readily marketable. It would be unjust and erroneous to suggest that their bonds were issued with intent to defraud investors or with any intent to abuse public credit. Nevertheless, such an abuse of credit was committed, not altogether by the incurring of debt beyond ability to pay, but by failure to adequately provide for the cost of carrying this debt along with the increasing costs of governmental functions largely incident thereto.

I think the greatest blunders made in the administration of local government—and these are directly responsible for the condition in which so many local units find themselves today—were unbalanced budgets and laxity in the collection of revenues. Had there been balanced budgets and rigid enforcement of tax collections coincident with public demands for improvements and conveniences, public reaction would have been in opposition toward further incurring of debt, and our troubles of today would have been greatly minimized.

Of course, excessive issuance of bonds or abuse of public credit are not the only causes of the difficulties in which so many of our local units find themselves. Collapse of industry, unemployment, and deflation in property values are also contributing factors. Extensive refinancing and readjustment of local government debt has now become imperative, and this presents one of the most formidable problems which we must solve. There are many complex conditions to be considered in its undertaking, and for the purpose of considering these conditions I would place our local governmental units, which are in financial difficulties, in one of two main classes.

First. Units which, with a reasonable extension of time, will be able to pay their debt in full, contingent, of course, upon the further improvement in economic conditions.

Second. Units which cannot pay their debt in full even under greatly improved conditions.

Units of the first class have the potential wealth with which they may be expected to pay their debt in full, and it is reasonably assumed that a large majority of their creditors will agree to a refinancing plan. One of the most common causes which give rise to the necessity of refunding this debt is the present arrangement of maturing principal, large annual installments of principal falling due now and during the next 10 years. Units of the second class present a much more complex problem of refunding. These units must approach their creditors with a proposition to curtail or compromise their debt, which will not be received with much enthusiasm unless creditors are convinced that conditions require such a proposition. Many units of local government of our State—35 counties and 28 cities and towns—have undertaken plans for refinancing their debts under the advice and direction of the local government commission, and a great volume of work incident thereto has devolved upon the commission, as all issues of bonds are required to be approved by it and exchanges are made jointly by this office and that of the State treasurer. Therefore, much progress has already been made in relieving our local units, and many others are giving consideration to similar plans. All such plans of refinancing municipal debts, however, are subject to the hazardous opposition of a small percentage of bondholders, over which, at the present time, we have no control.

This brings me to the discussion of the bill which is now before the Congress of the United States, which is designed to bring about an orderly adjustment of debts of local governments. This municipal debt refinancing bill, referred to as the "Wilcox bill", which was introduced in the Seventy-second Congress, was one of the important pieces of legislation proposed at that session. The bill was redrafted and is now before the United States Senate, having just been reported favorably by the Senate Judiciary Committee.

The bill as introduced is an amendment to the Federal Bankruptcy Act and provides for the readjustment of the debts of cities or other political subdivisions of a State now in default, or threatened with default, by reason of inability to meet its maturing obligations out of sinking funds or greatly reduced current tax revenues. Default on municipal debts, once confined to small communities and special districts, is now a matter of Nationwide interest and concern, since some of our larger cities have found it impossible to meet their obligations. As I have already intimated, suggestions have been made as to the causes of the epidemic of defaults by municipalities, and, of course, many influences have exerted themselves in the downward trend; but, after all, the primary cause of the present municipal debt situation is due to the overexpansion of municipal credit during the prosperity period following the war, to which may be added all of the attendant circumstances of the economic depression.

But, regardless of the causes, our main objective now is to find a way to check the tide of municipal defaults which, sooner or later, will bring untold distress to the unfortunate taxpayer by the loss of his holdings through confiscatory taxation.

A readjustment of this load of excessive, and, in some cases, uncollectible debt, is the quickest road to recovery for bondholders and taxpayers. These two classes of debtors and creditors should have a common interest in adjusting their debt problems on the basis of capacity to pay. I wish to be distinctly understood that I have never favored repudiation in any form, and do not advocate it now, even in the most hopeless cases of insolvency, but I do know that the need for an amicable readjustment between bondholders and municipalities is a very present one.

Under the terms of the proposed amendment to the Federal Bankruptcy Act, known as the "Wilcox bill", cities, towns, counties, and other taxing districts, acting in cooperation with a majority of their creditors, are accorded the right to negotiate a settlement and readjustment of its debts upon terms and conditions which the taxpayer can meet. This privilege is already extended to individuals and private corporations under the Bankruptcy Act, so why would it not be fair and equitable to provide, also, the means by which the creditors of a municipality and its taxpayers may work out plans for refunding and adjusting the debt to conform to the paying ability of the taxpayers?

Critics and opponents of the bill would, in all probability, be in accord with all I have said thus far. They are aware of the fact that the debts of many governmental units are greater than the present ability to pay, and that readjustment is necessary in order to stabilize local government credit, for it is recognized that so long as a local unit is in default its obligations are next to worthless, marketable in every case at prices far below their real value, and the property of its citizens is generally unsalable. But they say that each State should handle the problems of its subdivisions by appropriate legislation and not resort to the Federal Bankruptcy Act for the desired relief. Personally, I think this would be satisfactory if it could be accomplished by a State with a sufficient degree of effectiveness; but it so happens that, under the Constitution, it is doubtful that State legislatures could enact legislation which would bind the menacing minority bondholder to a readjustment plan which had been accepted by creditors representing two-thirds or three-fourths of the indebtedness. No refinancing plan is ever safe with even a small percentage of creditors antagonistic and unwilling to cooperate with the unit and join with a majority of the creditors for the common good of all.

As director of local government of North Carolina I have contacted many large holders of municipal bonds, and my experience has been that, in almost every case, they have been favorable to refunding or refinancing plans which are fair and equitable, and are willing to accept adjustments upon the basis of capacity to pay. This class of municipal creditors represents a decided majority, but it is the small minority of bondholders, usually less than 10 percent, which is a constant menace to any refunding plan. Many of this small minority have purchased single bonds, or small blocks of bonds, for practically nothing, from individuals who were forced to sell, and who refuse to join in any refunding plan but insist on immediate payment of the debt. Under the Wilcox bill, the minority would be bound by any plan of readjustment which had been accepted by two-thirds in amount of the outstanding claims. This would put an end to litigation by the minority and resolve itself into an orderly readjustment. Some municipalities need only extension of maturities, while others may be forced to seek temporary reduction of interest rates, and in extraordinary cases, some may require a scaling down of principal. This may seem somewhat drastic, but it is the only common sense thing to do in view of the excessive debts contracted during the period of financial revelry in the belief that it was permanent prosperity.

Under this bill any taxing district may file a petition in the United States District Court in whose jurisdiction such district is located, stating that the district is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of adjustment of its debt upon the basis of capacity to pay. As a condition precedent to the filing of the petition, the unit must show to the court that the consent of creditors of such unit owning more than 30 percent in amount of its bonds, notes, or certificates of indebtedness, have agreed in writing to a plan for composition and adjustment of their claims.

Upon the filing of the petition the court shall enter an order either approving it or dismissing it. Upon approving the petition the judge may require the petitioner to give notice direct to all creditors and to cause publication thereof to be made of a hearing to be held within 90 days after the entry of such order, and all creditors objecting to the petition to answer the same within 60 days. At the hearing those creditors who may object to the plan submitted with the original petition have the right to propose a different plan, provided it has been approved by not less than 10 percent in amount of all creditors of the unit.

Such additional plan will, of course, be considered by the court in the light of the facts presented by the petitioner and its creditors. A final composition or adjustment plan will not be confirmed by the court, however, until it has been accepted in writing by creditors holding two-thirds in amount of claims allowed and which would be affected by the plan. Upon such confirmation the provisions of the plan shall be binding upon the taxing district and all creditors. As a safeguard against the court assuming control of, or interfering with, the governmental powers of the unit, the bill provides:

"The court shall not, by any order in the proceeding or otherwise, interfere with the exercise of any of the political or governmental powers of the taxing district; nor shall the court, by order or otherwise, assume control of or interfere with any of the property or revenues of the taxing district, unless the plan of readjustment so provides."

Could any legislation be fairer to all those who are concerned in the question of municipal defaults? The right to be heard is accorded the minority, but when creditors representing two-thirds of the indebtedness agree upon a proposed plan, it is to be assumed that such a plan is fair and equitable, and should not be thwarted by a small minority. The holder of one bond out of a hundred thousand bonds can, unless this bill is passed, refuse to accept the terms of settlement of readjustment, and thereby defeat the entire plan, even though it had been approved and agreed to by a majority of the holders. This is not only a possibility, but there have been many instances where this has actually happened.

The purpose of the bill is to give the court jurisdiction of these minority creditors, who by refusing to accept the terms of settlement agreed to by the majority creditors, keep local units from refinancing their debts.

The statement has been made by the opposition to the bill that if local units of government would practice economy in the administration of their affairs they would be able to meet their debts. To those of us who are in position to know, this argument is ridiculous, as most of our local units have already reduced their operating expenses to the minimum, and still they cannot raise sufficient tax money to pay the expenses of government and meet the demands of creditors. Statements of some of our local governments reveal that in many instances operating expenses have been reduced as much as 50 percent within the last few years and yet the units have been unable to even meet the interest on their debts. Unfortunately for the taxpayers in these units, the reduction in operating expenses has not resulted in a reduction of taxes. As appropriations for operating expenses decrease, the appropriations for debt service have increased. The local taxpayer, therefore, has received no benefit from the reduction of expenses, but has found himself with a less efficient government.

Some opponents of this proposed Federal legislation suggest the possibility of the abuse of the privileges granted thereunder, and that repudiation of debts would be increased. But it should be distinctly understood that this bill does not seek to repudiate any of the obligations of local units nor to provide a way for such. It does not provide for any arbitrary scaling down of the debts, nor does it leave to the discretion of the municipal officers or to the court the right to determine the paying ability of the unit. It does provide, however, for the final readjustment of the debts by agreement entered into between the governing body and the holders of two-thirds of its debts. It should also be borne in mind that the local taxing unit cannot file a petition with the court unless it has been consented to by 30 percent in amount of its claims. There is nothing new in a proposal to settle a public debt on the basis of ability to pay; in fact, that is the limit of the collateral back of the debt. The very existence of our local governments is seriously threatened, and something must be done.

MEMORIAL DAY ADDRESS BY CHIEF JUSTICE PATTANGALL, OF MAINE

Mr. HALE. Mr. President, on May 30, 1934, Chief Justice William R. Pattangall, of the Supreme Court of the State of Maine, delivered a very remarkable Memorial Day address at Skowhegan, Maine. I ask unanimous consent to have the address printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

President Lincoln, on the field of Gettysburg in the fall of 1863, furnished the text for all future Memorial Day addresses. In that matchless oration he struck the high note of patriotism and made clear the motive and purpose of the war then going on between the States, calling on his and future generations of American citizens to maintain the principles for which the Union armies were contending. The Northern States, under his guidance, were not conducting a war of conquest; their primary object was not to abolish slavery. That was incidental only. They were engaged in demonstrating to mankind that a nation, conceived in liberty and devoted to the Christian conception of human brotherhood and the preservation of equality of opportunity for every child born within its borders, possessed the strength to maintain its integrity even against the shock of civil war.

The underlying thought of the statesmen who formulated the Federal Constitution and the constitutions of the respective States was that government could safely rest upon the broad base of popular approval, and that to a self-governing people must be given that measure of individual freedom and liberty which would develop the ability to sustain the responsibilities placed upon them.

The authority of the Government was to be exercised through three great coordinate branches—executive, legislative, and judicial—the membership of which should be in part selected by popular vote, in part by agencies so selected, and in part by Executive appointment, approved by the Members of the senior legislative body, none of these branches of Government exercising powers granted to another. The administration of governmental powers was further subdivided between the Union of States, the States themselves, and the subdivisions thereof, each operating in the field of greatest usefulness and efficiency, cooperatively in certain lines but independently in others.

Such a form of government was an experiment. It was a complete departure from government by divine right or by an aristocracy based upon inheritance or wealth, or by an oligarchy or bureaucracy or theocracy. Nurtured in revolution, it had not only survived up to Lincoln's time, it had thrived and grown to maturity. During that period it had passed through the disappointingly unsuccessful War of 1812 and the unconscionable but materially successful war with Mexico, had endured the terrible financial depression following the Napoleonic Wars and survived the panic of 1837, involving as it did the bankruptcy of nearly every business house in America, a shrinkage in real-estate values which made paupers of thousands of hitherto prosperous land owners and caused municipalities, counties, and even some of the States to enter upon a disgraceful policy of repudiation.

From all of these it had suffered and slowly but finally recovered and, after all, had in the main remained true to the fundamental principles upon which it rested.

All through the years, the black cloud of slavery had threatened the stability of a nation founded on freedom. Jefferson hated the idea of human bondage with all the force of his great mind, with every drop of blood that flowed through his great heart, and in the charter of the Northwest Territory excluded any possibility of its spread into that section of the country. Washington and Madison and Monroe, Virginians all, sympathized with Jefferson's views, but the successful culture of cotton seemed to demand slave labor, and gradually the Southland, urged onward by an economic tide, unconsciously drifted from democracy to aristocracy and came to regard the right to ownership of slaves as something too sacred to even admit of discussion.

High tariffs and the negro question might have disrupted the Union 30 years before the Civil War, had it not been that the White House at that time housed a fearless patriot and a real Democrat. Secession ceased to be popular after President Jackson had proclaimed hanging a remedy for treason. But after his time, the propaganda in its favor became insistent. Born in Massachusetts in the embargo days, boldly proclaimed at the Hartford convention, the doctrine finally took deep root in South Carolina and Calhoun became its prophet.

Lincoln watched the growth of sentiment in its favor with a full realization of all of its implications. He hated slavery but he was not an abolitionist. He loved the Union. He was determined that it should not be destroyed. He believed in the right of each State to govern its own internal affairs. He fought against the extension of slavery beyond the limits which it had reached in 1850, but he denied the right of the free States to interfere with it within those limits as emphatically as he denied the right of the slave States to force their peculiar institution on the people of the Territories.

He met the attempt of the hot-headed politicians of the South to dismember the Nation with firmness, but kindly. He tried to avert war, but when peace could no longer be maintained, he summoned to the aid of the national cause every loyal man and woman. Regardless of party affiliations, past or present, he gathered about him those who like himself saw in the American flag the symbol of human freedom and read in the law of the land the charter of human liberty. He led the fight for the constitutional rights of the common people.

A loyal member of the Whig Party from boyhood until late middle age, a follower of Henry Clay, his underlying political philosophy was that of Jefferson; and the new party, which he was instrumental in organizing and which first entered national politics in 1856, adopted the name which the Sage of Monticello had given to his followers. His faith in the common people was as strong as was that of his great prototype, and they justified that faith. It is due to the manhood and womanhood of his generation that the great war ended successfully and that the world learned the inherent strength of a free people to solve the problems of government even at a tremendous sacrifice.

Lincoln spoke at Gettysburg not only to the people of his day but to their children and their children's children. He asked those yet unborn to dedicate themselves to the cause of freedom and equality. Echoing down through the years, his words stirred the hearts of the men who fought to free Cuba and, later on, the men who crossed the seas to prevent the destruction of civilization by arbitrary force; and are as potent and carry as earnest a message today in time of peace as they carried in days of war.

The American people have grown so accustomed to the enjoyment of civil and religious liberty, so used to living their own lives in their own way, to being protected in their property rights, to looking upon government and law administered by government as a protective force, rather than as an imposition of the will of others on them, that just as men forget the value of the air they breathe, the water they drink, the health that they enjoy, they have ceased to regard the great privileges of American citizenship in their true light or to appraise them at their true value.

The need of the times is a readjustment of the public mind in that respect. The danger of today is not the loss of liberty by use of force. Rather it lies in a supine surrender of the rights of freemen to a seductive program of paternalism, gradually changing the form of our Government from a representative republic to a bureaucratic state, mildly despotic in action, dangerously experimental, in which human rights and property rights cease to rest upon the firm foundation of established law and come to depend upon the whim of the temporary majority.

When legislative powers are surrendered to executives who are but too willing to accept them; when the judiciary strive to find reasons for upholding laws enacted at the behest of noisy minorities; when the plain and simple language of Federal and State Constitutions is given new and strange meaning in order to meet assumed existing emergencies; when debasement of the currency is adopted as a sound financial policy; when the sovereignty of the individual States is disregarded and local self-government becomes an obsolete phrase; when individual initiative is discouraged, the lessons of experience cast aside, and personal liberty in a great measure becomes a thing of the past; when men are denied the right to buy and sell the products of their labor in the open market place, fixing the prices of the goods in which they deal by bargain with their fellows; when the farmer is forbidden to sow and reap on the land he owns according to his own best judgment; when every detail of the daily business life of the citizen is ordered by officials, not of his choosing; when written agreements cease to have a binding force, even upon government itself—the Nation which the Civil War was fought to preserve will have ceased to be.

Our Nation and our State were organized for one great purpose—to secure to the citizens thereof the blessings of liberty. Washington and his soldiers fought in that great cause. Lincoln and the armies of the North maintained the standard which their fathers raised. All that they lived and died for becomes a sad and futile waste if we of this generation are to surrender the heritage they bequeathed us because we lack the courage, the independence, the manliness, to work out our individual salvation, but prefer to become paupers to the State, depending upon its bounty to supply our needs.

We are being taught new doctrines today. Theories of government undreamed of by the statesmen of the past are urged upon us by present-day leaders of public thought. Thrift, industry, economy, are no longer regarded as essential to the well-being of our people. With millions unemployed, we are instructed that factories and workshops, mines and quarries, shall be closed in order that a scarcity of their products may enhance their price. With hundreds of thousands of the poor suffering the pangs of hunger, it is made an offense against the law to plant more than a modicum of crops in order that food may not become too cheap. Not too much milk must be produced, though the pale faces of undernourished children haunt the dreams of those who come in contact with the poor.

Millions—yes, billions—of dollars, representing wealth dug from the earth and wrested from the sea, brought to the public treasuries by the taxgatherers, are being wasted in unprofitable expenditure, in an attempt to create a prosperity as unreal and unsubstantial as the dreams of an opium eater. Gigantic debts are being created to burden generations to come.

Is it not time to stop? Ought we not, on this day of all days, in memory of the loyalty of those men who preserved our national unity by force of arms, rededicate America to the ideals which they worshiped? The great mass of the people of this Nation are sane. Should they not assert their sanity? Should they not make one more stand for individual freedom and a preservation of the form of government they inherited?

We want no Fascist government in America. This Nation of ours is not to become a communistic state. We need no dictator. We are a free people, capable of self-government, as able to solve the problems of our generation as those who preceded us solved the problems of their time. Let us undertake the task. Let us carry on the work in the spirit of Lincoln. Let us, with him, highly resolve that government of the people, by the people, and for the people shall not perish from the earth.

MONETARY USE AND PURCHASE OF SILVER

The Senate resumed consideration of the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

Mr. THOMAS of Oklahoma. Mr. President, the issue pending before the Senate is an amendment proposed by myself yesterday to strike from the bill section 2 and to insert in lieu thereof a substitute section. Section 2 of the bill as it is now before the Senate provides that it shall be the policy of the United States to buy some more silver or to trade for some more silver or to get some more silver any way we can get it, and to add it to our present monetary stock. Neither section 2 nor the bill itself pretends to make of silver a primary money.

We have at least two kinds of money in this country. We have primary money or standard money or basic money, and that is gold. That is all the primary, standard, basic money we have. All other forms of money are secondary forms of money, nothing more nor less than token money. That embraces silver, it embraces subsidiary coinage, and likewise embraces the forms of paper money which we have in circulation.

Yesterday I tried to distinguish between basic money and secondary money. I think I failed in making my colleagues understand what I mean as to the difference between basic money and secondary money. So this morning I am going back to the lessons I learned many years ago when I taught school. I used a block system. I have brought some blocks here this morning. It may be I can make my point clear by using the blocks.

Mr. President, this is a most important issue—money. It is what we all work for; it is what everyone works for; it is what the farmer strives for, what he gets up early in the morning and toils all day all year long for—money. It is what the wage earner works for; it is what the professional man works for. It is what the business man works for; it is what the banker works for; it is what every one works for—money, the most important thing in the world.

America is presumed to be the leader in fixing the financial policies of the world, yet I find that the United States Senate apparently has but very little interest in the money question.

I am going to exhibit to the Senate a small block of wood. I am going to call it "gold." It represents all the gold there is in America. This block of wood is intended to represent our stock of gold. This block, if weighed, would be found to weigh 222,000,000 ounces. This storehouse of gold, 222,000,000 ounces, at $35 per ounce, is worth in money, in gold, in dollars $7,750,000,000 in round numbers. That is all the gold we have, and we have that much monetary gold in the United States.

I exhibit this entire stock of our gold. That is primary money. This stock of gold is worth just as much unstamped as if it be stamped. Every time we have 15 grains plus of gold it is worth a dollar whether or not it is stamped. That is only the gold, 222,000,000 ounces, worth $7,750,000,000 plus. That is primary money; that is standard money; that is basic money, because it is worth intrinsically the amount of the stamp contained on the block, whether or not the stamp is worth a cent.

That is what I mean by basic, standard, primary money. That is the only standard, basic, primary money we have. There is nothing else that is the ultimate metal of redemption save gold. Of course, we can redeem money in silver, but we have less in value when we redeem it than we had when we started. A silver dollar is worth a little more than a paper dollar, but only relatively. A silver dollar is worth only a fraction of 100 cents, thirty-five one-hundredths. A paper dollar is worth a little less. A silver dollar and a paper dollar are token money—nothing more.

Mr. President, if I have made myself clear as to what I mean by standard, primary, basic money, I shall pass from that point.

We have at the present time some silver. We have approximately $840,000,000 worth of silver—$540,000,000 of standard silver dollars, and $300,000,000 of subsidiary money made up of halves, quarters, and dimes. We have in ounces of silver only about 666,000,000. Of gold we have 222,000,000 ounces.

I have and exhibit now a block of wood three times as large as the gold block. At the present time our store of silver is three times in size, and in weight, our store of gold. So the blocks of wood which I now exhibit represents the relative proportion in weight of silver and gold. Yet silver is not a basic money; it is not primary money; it is not standard money. It is only token money.

The bill does not change the legal status of the silver one iota. If the bill should pass, we would buy some more silver and add to the silver block and make it larger; but silver would still be secondary money, it would still be token money, it would still be a commodity, measured in terms of gold, under the provisions of the bill.

Mr. President, if we could find some more gold and increase the size of our gold stock, we could increase our stock of standard, primary, basic money; but so far as I know, there is no particular source of increasing our gold stock excepting the movements of gold from other countries. Unless we can use silver in some way, make silver basic, primary, standard money, I can see no particular benefit in buying and increasing the stock of secondary, subsidiary, token money in the form of silver.

The bill now before the Senate does nothing more than provide for increasing the size of the silver block we have. It does not in any sense make the silver standard, primary, or basic money. I propose to strike out that section and to insert a new section which will convert silver into basic, standard, primary money.

The bill now before the Senate measures silver arbitrarily, fictitiously, purely through the imagination, and calls each ounce of silver worth $1.29, when we all know that an ounce of silver is worth only about 45 cents. The bill pretends on the face of things to revalue silver and increase its value by fiat from 45 cents an ounce to $1.29 an ounce.

Those of us who care to believe that may do so, but we have no foundation whatever for our belief. The only way in which we can raise the value of this silver to $1.29 an ounce is to raise the price of silver throughout the world. We cannot raise the price of this silver in America intrinsically except as silver rises in value on the world market. I am trying so to change section 2 as to raise the price of silver so that throughout the world silver will have a higher price than it has now.

Section 2 of the pending bill, I am afraid, will not raise the price of silver. Under section 2 of the bill as it now appears before the Senate, we can buy only about a billion ounces of silver. When we buy a billion ounces of silver we shall have our allocation completed. We shall have our quota filled. Then we cannot buy any more silver, because another billion ounces will make 2,000,000,000 ounces, and 2,000,000,000 ounces measured at $1.29 an ounce makes two and a half billion dollars' worth of silver in terms of monetary value; but in terms of real value it is worth only a billion dollars.

Therefore I am trying so to change section 2 as to make this silver into basic, primary, standard money by giving it a value in accordance with the value of the world. If we can consider this block of silver from a world-value standpoint, it is worth today $840,000,000 in fiat money, in token money; but if we can revalue silver and value it on the basis of what it is worth as bullion throughout the world, it is worth only $350,000,000. Our stock of silver, valued at $1.29 an ounce, is worth $840,000,000. That is token money; but if we will step back and value this silver at its world value, at even 50 cents an ounce, then this stock of silver becomes worth $350,000,000.

I propose to revalue silver and put it in our reserves at its world value, whatever that world value is. If that is done, this block of silver becomes worth $350,000,000 in gold, just as good as gold here, just as good as gold in England, just as good as gold in China, just as good as gold in Asia, Africa, South and North America, or anywhere else in the world.

Then when we value silver in terms of gold it is worth $350,000,000. We can set it alongside of gold. Here we have $7,500,000,000 in gold. We have $350,000,000 in silver. Either one is good for those figures anywhere in the world.

Mr. President, I do not know how much silver it will take to make a dollar. That is immaterial. At the present time it takes more than 2 ounces of silver to make a dollar; and if one of us had a silver certificate and desired to cash this silver certificate under the rules and regulations provided for the purpose, he would get today more than 2 ounces of silver for his dollar. He can go into the market and buy silver, and that is what he will get. So I propose to revalue silver and give it a world-price value rather than a fiat value of $1.29 an ounce. It is a commodity now. Under the terms of the pending bill it remains a commodity; and under the terms of the bill it is no better than paper from any standpoint in the world.

The enactment of the pending bill will help the silver miners; it will help the silver States somewhat; but I am not interested in this matter from the standpoint of the silver States. I do not come from a silver State. I care nothing for this matter from the standpoint of the silver States. I am glad to help them; I am helping them to the best of my ability, but that is not my motive. I shall come to my motive later on. I am trying to help the people in my State through silver. I am trying to help the people in Maryland through silver. I am trying to help the people throughout the United States through the use of silver. I am trying to help the people of the world through a reclassification and a revaluation of silver.

Mr. President, I am not yet sure that I have made my position clear. Under the Pittman bill we buy more silver and add this silver to our stock of money—not to our reserves, not to our basic money, not to our standard money, not to our primary money, but to our stock of money. The stock of money embraces gold. It embraces eight forms of paper. It embraces nickels, and it embraces pennies. Under the terms of the Pittman bill, if it shall pass, silver will be no more important in our monetary system than the pennies coined from copper or the nickels coined from nickel.

I realize that this subject is somewhat hard to understand, because I talked yesterday for an hour, and one of the distinguished Senators from a silver State sent me a letter last night and asked me to modify my amendment in a certain way; and if I had done so I would have put it right back to the Pittman bill. So I am not sure that I shall be able, even now, to get my ideas over; but perhaps I can do it in another way.

Under the bill which is now before the Senate, if it shall pass and be carried out by the executive department, the executive department will be required to acquire an additional amount of about 1,300,000,000 ounces of silver. That is all it can acquire, because under the bill each ounce is worth $1.29 in fiat money, and 2,000,000,000 ounces multiplied by $1.29 for each ounce makes approximately $2,500,000,000, and that is the 25-percent quota. We cannot buy any more silver than the total of 2,000,000,000 ounces, because that, when measured by a fiat standard, makes up the two and a half billion dollars; but under my proposal we buy the silver and put it in our reserves, not by its fiat value, but by its bullion value.

We have two and a half billion dollars with which to buy silver. If silver does not increase in value, and we can still buy it at 50 cents an ounce, in order to get two and a half billions dollars' worth of silver we may have to buy as much as 5,000,000,000 ounces. I do not care how much we have to buy. When we buy it, it is worth what we pay for it. It will be worth more after we start to buy than it is now worth. The silver we now have will increase in value. The more we buy the more silver will increase in value, and it is my judgment that if my substitute section should go through, having two and a half billion dollars to spend for silver at its market price, we could so bid for silver that the price would go up to $1.29 an ounce. If it did not, we should get the major part of 5,000,000,000 ounces of silver to add to our reserves; and I will come later on to the question as to whether or not we can get 5,000,000,000 ounces of silver.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Virginia?

Mr. THOMAS of Oklahoma. I yield.

Mr. GLASS. Would it interrupt the Senator if I should ask him a question?

Mr. THOMAS of Oklahoma. Mr. President, I shall be only too glad to have any Senator ask any question he sees fit at any time.

Mr. GLASS. The Senator is undertaking to define for the information of other Senators what is primary money and what is token money. He says gold is now primary money. I do not exactly understand how he arrives at that conclusion under existing conditions. If that be true, nobody has any primary money.

Mr. THOMAS of Oklahoma. Nor much secondary money.

Mr. GLASS. Nobody has any primary money. If a citizen is caught with any gold on his person, he is a statutory felon; and under existing circumstances gold cannot be used for the redemption of token money. So we are in a situation in which gold is actually demonetized, while, as I understand, the Senator in a sense is pleading to have silver remonetized.

Mr. THOMAS of Oklahoma. The Senator is exactly correct from a practical standpoint. There is virtually no gold now in circulation. If there be any gold in circulation it is only in very small quantities. I think it is legal for anyone to have not exceeding $100 in gold. Nevertheless, we have in our strong boxes throughout the country this hoard of gold which totals something like $7,776,000,000. It is somewhere. It is in the possession of the United States.

Mr. GLASS. It is just so much lumber. It is not used for monetary purposes. It is not even used for reserve purposes; because, what is a reserve? A reserve is a redemption fund, and nothing now can be redeemed in gold, because if a man should take to the Treasury his token money, whether it be a silver certificate or whether it be a Treasury note, and demand that the Government comply with its promise printed on the face of the token money and get gold he would be arrested right on the spot for a felony, and fined and put in jail.

Mr. THOMAS of Oklahoma. The Senator is correct from a practical standpoint. We each understand the proposition, and I hope everybody else does. We have the gold, but it is in our strong boxes. It cannot be had except for the purpose of paying for international transactions.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Montana.

Mr. WHEELER. I think the Senator has correctly stated the matter, but I assume that eventually we shall come back to the gold standard, so that gold will be money of ultimate redemption; and what we desire to do is to put silver in the same position in which gold will be when we come back to the point where we have it as money of ultimate redemption.

If the Senator will pardon me for a brief further statement, one of the reasons why I have been for the remonetization of silver has been because it must be apparent to any thinking person at the present time that not only has there been a shortage of gold, but likewise there has been a maldistribution of gold, or a corner upon gold by two or three countries; and because there is a corner upon gold by two or three countries, most of the other smaller countries have had to go off the gold standard. In my humble judgment it is necessary to remonetize silver in order to break the corner upon gold, and to have more money of ultimate redemption.

Mr. GLASS. Mr. President——

Mr. THOMAS of Oklahoma. I yield.

Mr. GLASS. My contention is that we now have no primary money, nor have we any money for redemptive purposes.

Mr. WHEELER. I think the Senator is entirely correct. There is not any question about it.

Mr. GLASS. In other words, we are on a fiat bond basis, and we are on a fiat money basis.

Mr. WHEELER. Why, of course.

Mr. GLASS. Of course we are.

Mr. WHEELER. There is not any question at all about it. I agree entirely with what the Senator says. What I am seeking to do by the remonetization of silver is to break the situation in which we find ourselves and put us back upon a sound monetary basis. I think the way to do that, so that we may have money of ultimate redemption, is to remonetize silver, and adopt silver as money of redemption along with gold.

Mr. GLASS. I concede that the most plausible argument that has ever been made for the remonetization of silver is now made, because silver is certainly worth more than irredeemable paper.

Mr. WHEELER. There is no question about that.

Mr. THOMAS of Oklahoma. I agree with the statement made by each of the Senators. I am trying to modify the bill so that our silver may be used as primary money, since we do not have the gold and cannot get the gold, from a practical standpoint. Otherwise we will have no primary money; otherwise we will have no basic money; otherwise, from a practical standpoint, we will have no standard money, unless we go to silver. We have the gold, but it is tied up; we cannot get it. The law we passed a year ago provides that gold is still the standard of value.

An amendment was placed on the agricultural bill last year containing the following language:

> The President may fix the weight of the gold dollar in accordance with the ratio agreed upon, and such gold dollar, the weight of which is so fixed, shall be the standard unit of value.

So in the law we passed last May the gold dollar is fixed as the standard of value. Yet these gold dollars are not where we can get them. The public cannot get them. We have the gold, and I am trying to make it possible to get the gold back into circulation, and I am trying to make it possible, by using something else temporarily to take the place of gold, to break the corner in gold. Later on silver will go up in value and gold will come down in value, and the two will reach a parity. Then we can come to an agreement, either among ourselves or with the nations of the world, whereby we may circulate silver and gold on a ratio. But I am not now arguing for that.

Mr. FESS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. FESS. While the law provides that gold shall be the standard of value, the interdiction of the law that we cannot redeem in gold whatever medium is in circulation rather nullifies that, does it not?

Mr. THOMAS of Oklahoma. Temporarily that is correct. We are on a gold standard today, I will say to the Senator from Ohio, in this way: As I understand, we are using a large fund which we have to keep the American paper dollar on a parity in value with what it should be in gold. That is done through the buying and selling of gold currency, mainly the French franc. France is on a gold basis. The franc is a stable piece of money as per its weight in gold. We have tied our dollar, practically, to the French franc, and we are using a large fund to buy and sell francs, to buy and sell dollars, to keep our dollar with a stable purchasing value. So I take it that today the United States is on a gold standard, practically.

We are using gold in international settlements. If we owed some foreign nation a sum of money, we would pay it in gold. If some State or some city or some corporation owed some foreign nation or some foreign corporation a sum of money, it is arranged so that they could get gold and make the settlement if they had to do it. So in a way we are on a gold standard today, although the gold is not in actual circulation.

Mr. FESS. I would assume, while what the Senator says may be regarded as a practical operation, from the fact that all our money is inconvertible we do not have any metallic basis at all today.

Mr. THOMAS of Oklahoma. None whatever.

Mr. FESS. And if the pending bill shall be enacted, if we will have any standard, it will be the silver standard.

Mr. THOMAS of Oklahoma. Unless the bill shall be amended, if it shall pass, we will still not have any metallic standard for our money, from a practical standpoint, which the public can get hold of, because the status of silver will not be changed. It will still remain nothing more than token money, nothing more than paper, except that silver is worth a little more as a commodity than paper is worth as a commodity.

Mr. FESS. I think the Senator is correct in that statement.

Mr. THOMAS of Oklahoma. I am proposing an amendment to change that section so that we can make silver basic, standard, primary money. To do that we will have to consider silver from the standpoint of its intrinsic value rather than from the standpoint of its fiat value.

Mr. President, the bill is fatally defective, in my judgment, in three important particulars. The first is as to section 2. The second point is that the Treasury Department, in my judgment, would not be required to put silver certificates into circulation, even though the Department bought silver.

I understand that the author of the bill takes a different viewpoint. The law provides that if the Government shall buy silver it shall issue silver certificates to the amount of the cost of the silver.

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. Just what is the value?

Mr. THOMAS of Oklahoma. At the present time silver is worth 45 cents an ounce.

Mr. LONG. Will they issue silver certificates?

Mr. THOMAS of Oklahoma. The Government will buy an ounce of silver for 45 cents, and they will issue a silver certificate to the value of 45 cents for each ounce. That is all it is worth. But from a monetary standpoint it is worth $1.29.

Mr. LONG. That is the difficulty I had with this bill on that point. If they are going to issue only a certificate representing what they pay for the silver, that does not mean anything.

Mr. THOMAS of Oklahoma. Mr. President, if we assume that we have approximately a billion ounces, and we buy another billion, and pay 50 cents an ounce for the billion, it would take $500,000,000 to buy the billion ounces. If the Department issued silver certificates to the extent of the $500,000,000, and placed them in circulation, it would increase the currency to the extent.

Mr. LONG. I understand; but what are we to do with the $850,000,000 worth of silver we already have, which is issued at $1.2929, if we are to issue the balance of it on the basis of 50 cents an ounce?

Mr. THOMAS of Oklahoma. That will take care of itself, naturally.

Mr. PITTMAN. Mr. President, will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. PITTMAN. I could not let that erroneous suggestion or understanding pass unnoticed. The Government would not issue a silver certificate against 50-cent silver under the bill. In other words, if we bought a hundred million ounces of silver at 50 cents, it would cost us $50,000,000. We would issue $50,000,000 worth of silver certificates. We would issue fifty million $1 silver certificates.

Mr. LONG. Very well.

Mr. PITTMAN. As there is seventy-eight hundredths of an ounce of silver in a silver dollar, we would coin the hundred million ounces into silver dollars, but we would first coin only 50,000,000 of standard silver dollars. The purchase price is $50,000,000 for the 100,000,000 ounces. Then we issue $50,000,000 in certificates. Behind that $50,000,000 in silver certificates are the 50,000,000 standard silver dollars, which means 39,000,000 ounces of silver to coin such silver dollars. Then there is left a surplus of 61,000,000 ounces of silver against which we are not required to issue silver certificates, but may at any time we see fit to do so.

Mr. LONG. Mr. President, will the Senator from Oklahoma permit me to ask the Senator from Nevada a question?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. If I understand the Senator from Nevada, he states that if we buy silver, whatever the number of ounces is, at 50 cents, we would issue only 50 cents' worth of money in currency to cover 50 cents' worth of silver we bought.

Mr. PITTMAN. Yes.

Mr. LONG. We have $850,000,000 worth of silver now, have we not?

Mr. THOMAS of Oklahoma. That is correct.

Mr. LONG. That is, we issue on a basis of $1.2929, on 16-to-1 basis.

Mr. PITTMAN. Yes; old basis.

Mr. LONG. I do not see how that would work out.

Mr. PITTMAN. The certificates which are issued against the 50-cent silver would be on the same basis. There would be only that many issued, but they would be on the same basis with our old silver certificates. Otherwise, we would have to melt up our old silver dollars and call in our silver certificates, if we changed the ratio.

Mr. THOMAS of Oklahoma. Mr. President, I will try to make that a little clearer, if I can. I said a moment ago that our silver stock was worth $7,750,000,000. That is approximately correct. The gold block before me represents in value, then, three-fourths of our total metallic reserve, provided we dignify silver and make it a part of our metallic reserve. The pending bill, in my opinion, would not do that. So I am conceding that this block of gold before me in the future will form three-fourths of our metallic reserve. That leaves one-fourth vacant. I propose to fill that vacancy of one-fourth with silver. The bill does not do that.

The only thing section 2 in the bill does—and it is misleading—is to set a yardstick as to how much silver we may buy. It does not say silver is to be basic money. It says that we will have one-fourth of our stocks, if of metal, in silver, but it does not make silver basic money, standard money, or primary money. The only thing section 2 in the bill does is to put an arbitrary limit upon the amount of silver we may buy, and it does not change the status of silver a particle.

If we concede that the gold is three-fourths of our metallic reserve—and I am proceeding as if silver and gold will form, jointly, a hundred percent of our metallic reserve, gold 75 percent, silver 25 percent—the bill will not make that 25-percent vacancy fillable with silver, unless it shall be amended.

If $7,500,000,000 is the gold reserve, then we must make silver fill up that vacuum of $2,500,000,000; but we must make silver basic, standard, primary money, or that gap cannot be filled by silver.

We have two and one-half billion dollars of value there that we must put into silver. If we simply buy some more silver and add it to our stock, that does not fill this vacuum; but if we buy silver and put the silver in our reserves at its bullion value, at its world value, then we commence to build up the reserves to make up the 25 percent, and we have two and one-half billion dollars of money with which to buy silver to fill up this vacuum.

Under the bill as written we can buy only 2,000,000,000 ounces of silver. If that does not raise the price of silver to $1.29 an ounce, we still have a vacuum left there in value.

Under my proposal we have two and one-half billion dollars with which to buy silver to fill up this vacuum, and if we spend the two and one-half billion dollars we will fill up the vacuum with silver worth dollar for dollar with gold, or we will buy 5,000,000,000 ounces of silver. There is no one on the floor of the Senate who will deny that before we get our 5,000,000,000 ounces of silver we shall have silver which is worth throughout the world more than two and one-half billion dollars, and we shall fill up the vacuum.

I still do not think I am making myself clear.

Mr. President, the difference between section 2 of the pending bill and the section which I present is the difference between the purchase of 1,000,000,000 ounces of silver and the purchase of enough silver to make what silver we have worth two and one-half billion dollars throughout the world.

This bill does not in any sense change the present existent status of silver. I pause for anyone to challenge that statement.

Mr. President, this bill does not provide any certain increase in the amount of money in circulation. I pause for anyone to challenge that statement.

The bill does not require anyone to buy a single ounce of silver. If it requires them to buy it, it will only do so ultimately. What is the definition of "ultimately"? It may mean today; it may mean tomorrow; it may mean next year; it may mean 100 years from now. "Ultimately" is a time indefinate in the future.

This bill does not automatically, mandatorily, provide for the purchase of a single ounce of silver. Suppose this bill should pass, and the executive authorities should say that it is not in the interest of public policy to buy any silver now; that we have all the silver we need; no silver would be purchased. Unless silver were purchased, no certificates would be issued. If no certificates should be issued, the currency would not be expanded.

I pause for anyone to challenge this line of reasoning.

Mr. President, the third proposition I submit is that if this bill shall pass there will be no necessary increase in the value of silver. On yesterday I tried to show that under the Bland-Allison Act, passed in 1878, the Treasury Department was to buy two and one-half million ounces of silver a month—I think, indefinitely. It is presumed that the Department bought this silver. Silver kept on going down.

So unsuccessful was the operation of the Bland-Allison Act that the Congress in 1890 passed the Sherman Silver Purchase Act. Under that act, the Treasury Department was obliged to buy four and one-half million ounces per month. The Department bought the silver. It had no perceptible effect upon the price of silver. Silver kept on going down.

It culminated in the fight for the free and unlimited coinage of silver in the campaign of 1896.

Then, Mr. President, in 1918 we passed the Pittman Act, which likewise provided for the purchase of silver; and again the bill had no perceptible effect upon the price of silver. It kept on going down.

The more purchase bills we have passed, so far, the lower silver has gone. It culminated last year, when silver reached a price of about 24½ cents an ounce.

Mr. President, I am not interested in increasing the price of silver because of the fact that my State produces silver. It does not produce silver. I admit that if this bill shall pass in its proper form it will help the mining States, and I should like to see them helped; but unless we can raise the price of silver it will not help the silver-producing States. I do not believe that this bill as now written necessarily, arbitrarily, or mandatorily, will increase the price of silver. I hope it will, but it may not.

Under the bill we would have to buy only a billion ounces. The Treasury could buy these billion ounces of silver in such places and in such a way as not perceptibly to raise the price of silver. When we get the billion ounces purchased we must stop, because if we have two and one-half billion ounces of silver measured on the fiat basis, we cannot buy any more.

Mr. President, it may be that some of those who are doing me the honor of listening to me do not believe that my position is well taken. I shall call the attention of the Senate to some of the financial writers, some of the so-called "experts", and see what they have to say about this bill.

I call attention first to an article by Mr. Walter Lippmann, published recently, under the title of "Silver." Mr. Walter Lippmann is a widely known newspaper writer, and I think one of the most widely read, perhaps, in the country. Mr. Lippmann had the opinion, apparently, that we were going to make silver into basic standard primary money. I read from his article:

The essential principle of the program—

That refers to the silver program—

as indicated by the newspaper reports of Washington, is that silver is to be transformed in the United States from a commodity like coffee or zinc into a monetary instrument like gold.

Mr. President, that is what I thought we had in mind. That is what I stood for. That is what I stand for now;

but when this bill was drawn it did not so provide. Under this bill silver remains just like coffee, like lead and zinc and copper and silk and other commodities. Mr. Lippmann thought we were going to make silver into money, standard, primary money like gold.

Reading further:

This is not a mere matter of raising the price of silver so that silver miners will have more income. It is not a price-raising scheme such as is being used to help wheat, cotton, or hogs. This is a change in the legal status of silver which establishes it as basic money in the United States.

That was the opinion Mr. Lippmann had. That was the opinion of the silver group, so called. We had many conferences, and we decided to make silver into money, standard, basic, primary money, like gold. When the bill was prepared, however, it did not change the status of silver. It just provided for adding some more silver to our stock of money.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nevada?

Mr. THOMAS of Oklahoma. I yield.

Mr. PITTMAN. I do not think the Senator intends to state that the so-called "silver bloc" were deceived. The silver bloc may have been ignorant, but I wish to state emphatically that they were not deceived.

I have already named the Senators who were present at those meetings. There were present the Senator from Oklahoma [Mr. THOMAS], the Senator from Utah [Mr. KING], the Senator from Idaho [Mr. BORAH], the Senator from Colorado, the junior Senator from Nevada [Mr. MCCARRAN], the Senator from South Carolina, and other Senators. We were in several conferences for 5 weeks about this matter.

On the morning of the 16th day of May we met again in conference with the Secretary of the Treasury and with the general counsel to the Secretary, Mr. Oliphant, and discussed the defects in a bill. They then presented a tentative bill for our consideration. We were called down to the White House that afternoon with a bill completed.

Am I interfering with the Senator in his discussion, Mr. President?

Mr. THOMAS of Oklahoma. No; go right ahead.

Mr. PITTMAN. The question was raised in the very beginning of this debate as to whether or not the Treasury Department had carried out the agreement had at the White House. It was suggested that a joker had been put into this bill; that we had been deceived.

I now wish to read this very short letter from Mr. Herman Oliphant, general counsel to the Secretary of the Treasury, who was present at one of our conferences:

JUNE 5, 1934.

MY DEAR SENATOR PITTMAN: I enclose herewith one of the mimeographed copies of the silver bill which was read in the final conference with the President on this subject. It was the same mimeograph run which was sent to the Congress, one change only having been made. Page 4 was remimeographed to make a grammatical correction in the nineteenth line of that page. The words "for payment of" were substituted for the words "to pay."

That is the exact bill which the Senate is now considering, in haec verba, with the exception of the first two lines, which were put there for the purpose of substituting them for an amendment which I offered when I presented the bill.

I contend, sir, that it would be totally unfair to the administration to allow any impression to remain that we gentlemen did not agree about this bill. The Senator from Oklahoma at the last meeting at the While House stated emphatically that, in his opinion, the bill did not make silver basic money. I do him justice in stating that. I wish to state, however, that no other voice was raised to that effect at that meeting. If there is a difference of opinion, it is a difference of opinion between the distinguished Senator from Oklahoma and all his other colleagues who participated in all those conferences, and who approved and accepted this bill at the White House just as it was sent in here.

Mr. THOMAS of Oklahoma. Mr. President, there are other Senators present who attended that conference, and I think they will agree that what has been stated is substantially correct. I have been alone so often on the money question that that situation does not alarm or worry me in the least. The facts are, since the matter has been brought up, that the Treasury Department did bring us a bill and started to read it to our group, but the reading was never finished; we turned the bill down before the reading had been concluded. Much to my chagrin, when it turned up again it was the same bill. We had no chance to discuss the matter. I voiced my protest against it as strongly as I could.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nevada?

Mr. THOMAS of Oklahoma. I yield.

Mr. PITTMAN. I interrupt only because my understanding of the bill they brought to us and the reason we turned it down are different from that of the Senator. They brought in a bill which pretended to have a mandatory provision in it such as we had drafted and demanded, but they had inserted a line to this effect:

Directed to buy silver, subject to the approval of the President.

At that meeting we called the attention of the Secretary to the fact that that was not mandatory, and he said:

So far as I am concerned I will take it out if the President is willing.

They did take it out.

There was, as the Senator will recollect, still another provision in the bill which we did not think was in accord with our understanding. That was with regard to the issuance of silver certificates. We had demanded all the time that silver certificates be issued against the silver purchased. There was a provision in there that it might be purchased with anything, but there was no provision there that silver certificates should be issued against the silver. We demanded that such a provision be put in, and it was put in.

So it seems to me that every complaint we made at the last meeting was heeded in this bill, and if it were not heeded, then, I say it was due to the ignorance or inadvertence of 10 or 15 Senators who had been working on this problem for months and was not the fault of the Treasury Department.

Mr. THOMAS of Oklahoma. The sole issue revolves around whether or not we are going to make silver into money or keep it token. It is up to the Senate. If they want to consider silver just the same as copper, the same as nickel, the same as paper in our monetary system, of course, I cannot prevent it; but I am trying to make silver into basic standard money, and there is no use passing this bill unless that is done, for silver is no better than paper unless silver is basic money. Nobody carries silver any more except for the smaller coins; nobody carries silver dollars; such dollars are not seen in the East. So unless we are going to make silver such a metallic money as to be a means of redemption for our paper money, in value equal to gold, then, I am not interested in silver; paper money is just as good as silver to me and just as good to the people of America, and to the people of the world, for that matter.

I am trying to convert silver in basic standard money on an equality with gold, and I am trying to do it by putting it on a bullion value, so that a silver certificate will be worth a dollar in silver measured by gold. If we will do that, then this block of silver becomes a reserve to the amount of $350,000,000 in value, and a silver certificate any place in the world, backed by its part of that silver, will be just the same as the gold certificate any place in the world. Then we can make a demand that our silver be used in the transaction of business throughout the world. They will take our silver then, because it will be on the bullion or real-value basis. They will not take it now.

Mr. Lippmann understood we were going to try to make silver into basic standard primary money. Listen to what he says further in this article:

For that reason—

The reason we were going to make silver into basic standard primary money—

For that reason it will, if adopted, mark an epoch in the history of money.

If we make silver standard, basic, primary money, so says Mr. Lippmann, it will mark an epoch in the history of money. It is not now standard, primary, basic money, and under the terms of this bill it is not to become standard, primary, basic money unless the bill shall be amended.

Mr. Lippmann says if we shall do what we intended to do, and what we thought we were going to do, it will make an epoch in the world's monetary history.

Reading further:

Its effects will be world-wide. For it reverses the course of monetary policy during the past hundred years.

That is what I am trying to do. This bill does not do it. This bill makes no change in our financial policy; it makes no change in our metallic money policy; it makes no change whatever in our policy save that we may go out and buy some silver and add it to our stock of silver along with pennies, along with nickels, along with the eight various kinds of paper money we have, and silver will be no more important than are they.

Reading further from Mr. Lippmann:

The fundamental monetary problem of the world is to deflate gold—

That is what I have been saying upon the floor of the Senate for 2 days. I want to take some of the fictitious value out of gold. I want to give some actual value to this block (indicating) of silver. I am trying to arrange some system whereby we will lessen the demand for gold, and when we do so gold in value will go down. I am trying, as best I can, to arrange for an increased demand for silver, and when that shall be done silver will go up in buying power and in value. If we can increase the demand for silver sufficiently and decrease the demand for gold, silver will go up, and the buying power of gold will come down. They will meet half-way. Then we can pass a law in the Congress, if we cannot get an international agreement, establishing some parity or some ratio between these two metals. We cannot have that now, for they are too far apart in value.

Reading further:

It is to this problem that the silver policy is addressed.

Making silver standard basic primary money—those are my words.

Reading further:

By restoring silver to the status of money in the United States—

Silver must not now have a status of money in the United States, in the opinion of Mr. Lippmann—

By restoring silver to the status of money in the United States the weight of America will be exerted to break down the monopoly value of gold. Just as gold became more valuable when silver was demonetized, so it is expected that gold will become less valuable when silver is remonetized.

Mr. PITTMAN. Mr. President, will the Senator please tell me what he means by the remonetization of silver?

Mr. THOMAS of Oklahoma. I mean making silver basic, standard, primary money. Imprinting the stamp of the United States on a piece of silver and calling that a dollar makes it a dollar in the United States, but it does not make it worth any more intrinsically. Elsewhere it is worth what its value is in bullion or intrinsically, and it is worth no more among our people than a piece of paper with the Government's stamp upon it, because each in the United States has the standard value of one dollar.

Mr. PITTMAN. Mr. President, we cannot remonetize anything in other countries; every government has a right to make its own money; and we cannot force them to accept ours. When we are speaking of remonetization we are speaking of our own currency. We demonetized silver in 1873.

Mr. THOMAS of Oklahoma. And it never has been remonetized.

Mr. PITTMAN. Let us see whether it has been. We demonetized it in 1873 by taking away from it its money quality, and its money quality was the right to compel a man to accept it for a debt. We have compelled its acceptance for debts in this country, both public and private, and for public dues. We took away its function as money in 1873, but we have replaced its function as money in this country. Now there are some of us who are trying to do two things—not only to remonetize it, which has been done, but to compel our Government to use it after we remonetize it; that is, by building up our reserves and our stocks in this country. That is one thing. Another thing we are trying to do is to bring it as close as possible to its natural ratio with gold. It cannot be brought to its natural ratio with gold until its price is raised by reference to the price of gold. We are not doing that entirely, but we are approaching it as rapidly as seems practicable.

Mr. THOMAS of Oklahoma. Mr. President we have been using silver since the Constitution was adopted. It is true that in 1873 we provided that gold should be the standard of value; it is true that in 1873 the law provided that silver could only be used as legal tender in a very small sum, I think $5 or $10; it is true that from 1873 to the present time we have had silver in circulation as token money; it is true that more than a year ago we restored to silver the full legal tender quality, so that since May of last year one can pay a bill of $1 with a silver dollar; he can pay a bill of $5, $10, $100, or $1,000, $1,000,000 with silver, or he can pay $1,000,000,000 with $1,000,000,000 with silver. Silver today is full legal tender for all debt-paying purposes, public and private, but it has not increased the value of silver perceptibly.

The silver in the silver dollar, gaged by the standard world price of silver, is worth but very little more today than it was a year ago. I am trying to make silver a part of our reserves, 25 percent of them, and it cannot be done with fiat. We cannot take silver and stamp silver and say it is worth two and a half billion dollars and make the world accept it. That is what this bill proposes to do, to make 2,000,000 ounces of silver into two and a half billion ounces of fiat money.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McGILL in the chair). Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. THOMAS of Oklahoma. I yield.

Mr. KING. The Senator does not mean to state, does he, that the silver certificates issued by our Government do not have all the validity and prestige and debt-paying power here and throughout the world as do gold certificates?

Mr. THOMAS of Oklahoma. No; I do not.

Mr. KING. Silver is made " standard money ", using the Senator's phrase, in the sense that it is just as good as gold, indeed, better than gold, because one cannot get a dollar in gold or a grain of gold out of the Treasury with a gold certificate, but he can get, under the terms of this bill, silver out of the Treasury in redemption of the silver certificates which are issued.

Mr. THOMAS of Oklahoma. One can do that now.

Mr. KING. So that the silver certificates have a greater redemptive power in metallic money than have the gold certificates.

Mr. THOMAS of Oklahoma. Everyone understands that proposition. Under the terms of the existing law, one can pay a debt of a thousand dollars in pennies. So pennies have the same effect in our monetary system today that silver has. This bill does not increase or change the position of silver one iota from what it is now. Our copper pennies stand today in our system of finance on a par with silver.

Nickel nickels stand on a par today in our financial system with silver. One can take a paper dollar down to the bank and get 100 pennies for it or get 20 nickels for it or get a silver dollar for it, but when he gets them, when the transaction is completed, he has less value in bullion than he had in paper as a token. They will buy the same, of course. The bill does not change either of them, and that is one reason why I object to it.

Let me invite attention to some other financial writers. They are well-known gentlemen who write for responsible publications. They would not dare make statements unless they thought they were true, and these statements are not controverted. I quote from the Washington Post, a paper which no one can say is friendly to silver. I think they tell the truth, that they understand the truth. The article states in the headline:

Silver money issue optional with Treasury.

If we pass the bill they may get some more silver and they may not. The next headline is:

Billion and a half, or none, would be permitted under new measure.

That means they may buy a billion ounces of silver and coin it into silver dollars, which makes one billion five hundred million silver dollars. That, however, is optional under the terms of the bill.

Further down in the article I find this statement:

Since the bill is largely permissive as to silver purchases, it also is possible that little or no silver would be bought, which would call for little new silver money.

Again I read:

Meantime the administration silver program is not expected to affect the average man's pocketbook, his silverware, or his economic status.

Again I read:

Under the new silver bill the Treasury is to issue silver certificates at its discretion against all silver bought.

The Treasury Department is not required to issue them. It may be done at the discretion of the Treasury; so there might be bought the entire billion ounces of silver, and they would not be required to put out a single new silver certificate, in which event there would be no increase of circulation. I want to increase the circulation. I want more money in circulation, and I want it to come through the issue of certificates against the silver we are to buy.

I read further from a headline:

Monetary system unchanged.

That is a black headline.

Herman Oliphant, Treasury general counsel, who aided in the drafting of the new silver legislation, said "the program makes no change in the monetary system of the United States", described by Secretary of Treasury Morgenthau as a "1934 model gold standard." In no sense, he said, is it a bimetallic or symmetallic monetary standard.

That is the opinion of the financial writer of the Washington Post.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Oklahoma yield to the Senator from Michigan?

Mr. THOMAS of Oklahoma. I yield.

Mr. VANDENBERG. I am interested in clearing up one point which the Senator has just been discussing. In yesterday's debate I interrupted the Senator from Nevada [Mr. PITTMAN] with this question:

They do not have to circulate the silver at all under the terms of the bill, do they?
Mr. PITTMAN. Yes; they have to circulate it as silver certificates.

Do I understand the Senator from Oklahoma disagrees with that answer?

Mr. THOMAS of Oklahoma. The Senator from Nevada construes that portion of the bill which says that "the Secretary of the Treasury is authorized and directed to issue silver certificates." He construes that to means the Secretary must place those certificates in circulation through the payment of some governmental obligation. I say that is the correct construction, but there will be an amendment offered from the floor to make it clear that in the event they do purchase silver they must issue the certificates and, further, place those certificates in circulation.

Under the terms of the bill the Treasury may trade gold for silver, they may trade currency for silver, they may trade coin for silver, they may trade credit for silver. The bill directs the Department to issue certificates. I want the bill so amended that there will not be any doubt that the moment they get the silver—I do not care how they get it, if they convert currency into silver or coin into silver or gold into silver or credit into silver—they shall issue certificates to the value of the silver and place those certificates in circulation through the payment of some Government obligation.

In other words, the Treasury Department, instead of paying the salaries of some of its officials with checks, will hand out silver certificates; in place of paying some contractors with checks, they will hand out silver certificates, and thus get them into circulation outside of the Treasury.

I contend the certificates might be issued under their construction and laid upon a shelf some place and not paid out. They would have them, but the certificates would do no good, so far as I am concerned, because I want circulation increased so that money will be made more plentiful, thereby cheaper, and prices thereby raised.

Mr. VANDENBERG. Mr. President——

Mr. THOMAS of Oklahoma. I yield to the Senator from Michigan.

Mr. VANDENBERG. The Senator's theory is that it might be possible under the terms of the pending bill for these certificates to become part of that same sterile factor which is now represented in the difference between $5,500,000,000 and $13,000,000,000 of existing money.

Mr. THOMAS of Oklahoma. I take the newspaper financial writers for my authority, largely, and I am afraid that might be true. They have stated that it is true. I want to clarify that matter so there can be no doubt about it. If the proponents of the bill are not willing to accept an amendment to that effect, I am constrained to believe it is because they may not want it to be put in circulation; otherwise they would be glad to accept a clarifying amendment to provide that when the certificates are issued they shall be placed in circulation. We want to make that clear.

Mr. ADAMS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Colorado?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. ADAMS. On that same point it seems to me the declaration of the bill, to the effect that the Secretary of the Treasury is directed to issue silver certificates to not less than a certain amount, can only be complied with by putting out the silver certificates. The term "issue" has a very definite meaning. I think the Senator from Michigan, who has just made inquiry, recognizes that.

For instance, in criminal procedure in a forgery case, we have the term "utter" and the term "issue." Issue means to put out. We have it in connection with our Securities Act. We speak of a "new issue." We have not issued securities when we print them and put them upon the shelf. It seems to me the language of the bill is perfectly clear in its intent, though I am among those who, if there could be any doubt about it, would be perfectly willing to vote for a clarifying amendment.

Mr. THOMAS of Oklahoma. The Senator places a construction, but I am not sure that it does not defeat his own interpretation. A corporation may issue bonds and then never sell them, in which event they never go into circulation. Is not that true?

Mr. ADAMS. I would not call them issued.

Mr. THOMAS of Oklahoma. That is a distinction and difference upon which the Senator and I might disagree. I am sure he and I would agree that we should make the bill so positively clear and plain that no one could misunderstand it.

Mr. ADAMS. I think it might be said that the Senator and I largely differ in the matter of definition. I think a good deal of the argument in this matter is due to a difference of definition rather than a difference of purpose or intent.

Mr. THOMAS of Oklahoma. If it is the intent not only to issue the money, but to put it in circulation, then certainly the authors of the bill ought not to object to a provision that the money shall be paid out in meeting governmental obligations. Let us make it clear and then there cannot be any misunderstanding. That is another defect in the bill which I think should be corrected.

The bill contains a section that proposes to tax all those who deal in silver. It proposes, if anyone bought silver in the past and still owns that silver and later on sells it and makes a profit on the silver, that automatically a tax of 50 percent of the profits must go to the Treasury. In other words, the owner of silver cannot transfer title to his silver without having some paper bill of sale made out, and attaching to that bill of sale stamps to the amount of one-half of his profits as represented by the stamps.

Mr. President, if that be so, this, in my opinion, is the effect of it. Naturally, if we should get an added amount of income for the Treasury I should be inclined to look with favor upon the tax, but those who deal in silver are presumed to be, reasonably good business men. If anyone has silver now and is afraid the bill is going to pass, he will sell the silver, get it out of his hands, and get what profit he has before the bill becomes effective so he will not have to pay a tax. The person who buys the silver will transfer the silver or the title or sell the silver itself. That is what is being done, because the bill cannot tax foreigners for their dealings in silver.

Spot silver can be physically transferred to Canada or transferred abroad, placed beyond the jurisdiction of our Government. If not actually transferred physically, it can be transferred by virtue of bills of sale to foreigners.

If the bill passes we will get very little income from the profits on silver, so it will be defeating the end we have in view to increase our income in the Treasury by virtue of a tax on silver. If the bill should pass with that tax provision in it, in my judgment it would destroy the commodity silver exchange in New York City. When silver is bought and sold on this exchange we do get a small tax on the sale. If the commodity exchange should be destroyed that tax would cease.

It is my construction of the bill that if section 8 should remain in the bill, and a tax should be levied, the Treasury would get but very little money from that source. Not only would the Treasury get very little money but it would lose, over the long run, a great deal of money on the future sales of silver through such exchange.

Mr. LONG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I desire to submit to the Senator a further idea. We are undertaking to elevate the price of silver through trade and exchange. If we are to banish silver from our own market, it seems to me that we shall kill the very purpose we are trying to bring to life.

Mr. THOMAS of Oklahoma. Mr. President, as I have said many times upon this floor, our whole economic system, as well as our system of government, rests upon profits. Unless the citizens of the country can make money, they cannot keep the property they now own. They must pay taxes upon that property; they must pay insurance upon it; they must maintain it. That costs money. So, unless the people of the country can make money in some way, they cannot retain their property. They will lose it. They cannot keep it. So our economic system, called the "capitalistic system", depends primarily upon the ability of the people to make money. If we deprive them of their ability to make money, the capitalistic system fails.

Our system of government depends upon the fact that the people must make money. The people must pay taxes to support the Government, and it takes a large sum. Unless the people can make money in some way, they cannot pay their taxes. If they cannot pay their taxes, city governments fall; township and county governments fall; State governments fall; the National Government likewise eventually will fall. So I am not one of those who argue that no one should ever make any money. I see a very distinct development in some parts of the country, however, from the sentimental standpoint that the people of the Nation should not live to make money; they should live for a more abundant life.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. VANDENBERG. Does not the Senator think, however, that something may be said, ethically, for the proposition that when a profit is arbitrarily created by the action or fiat of the Government, it is a different type of profit than the normal commercial profit to which the Senator adverts, and that it is a profit upon which the Government has a right, substantially, to take commission?

Mr. THOMAS of Oklahoma. If we should make this bill read that after the passage of the bill all profits made in the purchase and sale of silver should be taxed at a certain rate, I should have no objection; but the bill does not so state. If the Senator from Michigan should happen to have some bar silver now, he may have bought that bar silver many months ago. He may have brought it when it was down to 24 cents an ounce. It is now worth 45 cents an ounce—a nice, substantial profit. If he keeps that silver, with this nice profit, until the bill becomes effective, and then sells it he has to pay one-half—50 percent—of that profit to the Government. Using the Senator only for illustrative purposes, being a good business man, if he sees that the bill is about to pass, he most certainly will sell his silver and take his profit and let the other fellow do the speculating and worrying over the tax. Would not that be the effect?

Mr. VANDENBERG. Perhaps it would. Nevertheless, when we devalued gold, is it not a fact that we first nationalized it and arranged to have the full profit of the governmental action respecting its value accrue to the benefit of the Public Treasury?

Mr. THOMAS of Oklahoma. That is exactly true; and it is rather strangely significant that the matter of taxing was not thought of in connection with the nationalization of gold.

I am not prepared to prove this statement, but I have information which is authentic that many hundred million dollars in gold were sent abroad when it became known that we were about to nationalize gold. It went abroad worth $20.67 an ounce. Later on that gold came back to America worth $35 an ounce. Someone made that difference. No tax was imposed upon the gold profit; and it is significant that someone did not think about taxing the profit on gold which was bid up from $20.67 an ounce to $35 an ounce.

I should have no objection to modifying that section so that after the enactment of the bill anyone who buys silver and makes a profit shall pay this tax, because that will stop anyone from buying it. There will be no tax, and it will not have any effect anyway.

Mr. VANDENBERG. Except as there were some such arrangement, this provision would clearly invite the silver speculator to an unlimited participation in dividends from an action of Government itself; would it not?

Mr. THOMAS of Oklahoma. No more so than the legislation which raised the price of cotton. During the past year we have enacted legislation which had the effect of raising the price of cotton from 5 or 6 cents a pound to 12½ cents a pound. No one proposed to tax the profits of the gentlemen who made profits on the increased price of cotton.

We did the same thing with regard to wheat. We took 10,000,000 acres of wheat land out of production, and to some extent raised the price of wheat. We did not propose to tax the folks who made some money out of wheat.

We did the same thing with regard to hogs. We did the same thing with regard to oil. This is the first time we have proposed to tax those who have made some money out of Government action, if I may put it that way.

As I have said, I have no objection to making it so that those who make profits after the bill becomes effective shall pay their tax; and I may state in this connection that it is my judgment that we cannot make the taxing section retroactive. I doubt if we can tax anyone who makes profits prior to the passage of the bill. That is a legal question. It will come before the courts, no doubt, in due time. The pending bill provides that anyone who has dealt in silver since May 1, 1934, and sold or bought and made any money on either side of the exchange, up or down, will have to pay this tax.

It is my judgment at this time that after the bill shall have been finally approved, if any money shall be made in silver through buying or selling, the Government may collect a tax on the transactions; but I doubt if they can collect it on transactions prior to the date of the approval of the measure.

Mr. President, I now desire to call attention to some more clippings, and see if my interpretation of this measure is accurate or wholly fallacious.

I now quote from the Associated Press. I have always regarded the Associated Press as a highly responsible news-gathering agency. I know from personal experience that the gentlemen who write for the Associated Press are in the "big league" of reporters. When a bright newspaper man develops and attracts attention by writing articles that hit the truth and explain proposals with accuracy, if he desires—and he usually does—he becomes tied up in some way with the Associated Press. I regard the Associated Press writers, as I say, as the "big league" of newspaper reporterdom. So when I quote the Associated Press I do so with confidence that I am giving an intelligent viewpoint.

Here is an article which appeared in the newspapers not so very long ago under the headline:

> What! Worthless silver?

The second headline reads as follows:

> Huge supply of bars of metal will be stored away at Treasury as valueless commodity if present purchase plan works out.

Mr. President, if we are to make this silver into money, it certainly will not be stored away in the Treasury as a worthless commodity. The Associated Press construes this bill to be a measure providing for the purchase of silver and then storing that silver away in the Treasury as a worthless commodity. If I thought that was the purpose of Congress, I should not take any time here; I should just vote against the bill and be satisfied. That will be the effect of the bill, however, and I think it is the purpose of the men who drew the section.

I now read from the Associated Press article as follows:

> A lot of shiny silver bars may be carried in Treasury inventories along with desks and chairs as a "worthless commodity" if present plans for administering the Pittman silver bill are carried out.

Mr. President, there is a verification of my interpretation of the pending bill. The bill, if passed, will provide for the purchase of silver; but when the silver is purchased it will go into the Treasury on the same basis as worthless desks, worthless chairs, worn-out typewriters, and will be carried there as a worthless commodity. It will not be a reserve for the issuance of currency. It will not be basic money. It will not be standard money. It will not be primary money.

Again I read, speaking about silver:

> It would not be entered on Treasury books as having any value, but would be carried simply as worthless commodity.

Here is a question propounded to someone in the Treasury Department. The question is as follows:

> Q. How much money will be added to the monetary supply?
> A. The bill directs the issuance of silver certificates in an amount not less than the cost of the silver purchased. Since new money would depend on the amount paid for the silver, experts said it was impossible to forecast how much currency will be added to the present monetary supply of $13,542,000,000. As the price of silver advances, the amount of new money declines. Treasury advisers do not expect any increase in the amount of money in circulation to result from silver purchases.

Mr. President, if this bill does not provide for more money going into circulation then I am opposed to it. That is the only good I can see in it, from my standpoint. It might help the silver-producing States, it might help the miners of the West by increasing the price of silver, but if silver merely goes into the vaults of the Government, to be measured along with chairs and typewriters and other commodities, it does the country no good whatever.

I am interested in the bill, not from the standpoint of the miners of the West, though I am for them, but I am for the bill because I hope through its operations to get more money into circulation, to make money more plentiful, and give the people a chance to see more money. In some sections of this country money is an antique. The people used to see it, but they see it no more. They cannot borrow it and they cannot earn it—there are no jobs. I am for the bill in the hope that through its enactment we may buy some silver, then issue certificates against that silver, put those certificates into circulation, and make money more plentiful, make money cheaper, and, as money is made more plentiful and made cheaper, automatically prices will go up.

I see no salvation, I see no hope of working out of the depression, except through the plan of putting more money into circulation, making money plentiful, making it cheaper, and automatically raising the prices of the things the people produce.

Mr. BAILEY. Mr. President, if the Senator will yield, I understood him to say that he was hoping to make silver more valuable.

Mr. THOMAS of Oklahoma. I hope it will become more valuable.

Mr. BAILEY. Yet the Senator is now arguing that we must have cheaper money.

Mr. THOMAS of Oklahoma. I am trying to make silver bullion more valuable and money cheaper; that is true. They have no connection whatever.

Mr. BAILEY. How does the Senator propose to make silver higher in value than gold?

Mr. THOMAS of Oklahoma. By bidding up for silver, making silver higher, and by decreasing the demand for gold, making gold lower. After a while, if the demand for silver is sufficiently increased and the demand for gold decreases sufficiently, they will be on a parity. Fifteen grains of gold in one dollar and 371 grains of silver in one dollar; each will be worth intrinsically throughout the world 100 cents.

Mr. BAILEY. I am trying to ascertain if the Senator can reconcile his statements. He proposes to make silver worth $1.29 an ounce?

Mr. THOMAS of Oklahoma. That is, the silver dollar.

Mr. BAILEY. Then the monetary value would be the same?

Mr. THOMAS of Oklahoma. When it gets to be $1.29 an ounce; that is correct.

Mr. BAILEY. That would make silver nearly three times more valuable than it is today, would it not?

Mr. THOMAS of Oklahoma. That is correct.

Mr. BAILEY. So the Senator's proposition on this end of the matter is to make money, in the form of silver, more valuable.

Mr. THOMAS of Oklahoma. No; the Senator is wrong.

Mr. BAILEY. Let us see. If the price of silver is raised from 45 cents an ounce to $1.29 an ounce, does not that make silver more valuable?

Mr. THOMAS of Oklahoma. It makes silver bullion more valuable, but it must be raised to $1.29 an ounce before the silver in a dollar is worth 100 cents.

Mr. BAILEY. Then that makes the silver dollar, now worth 35 cents, worth 100 cents.

Mr. THOMAS of Oklahoma. That is correct, and that is the point I am driving at. I am trying to raise the price of silver in the silver dollar from 35 cents intrinsically to 100 cents intrinsically.

Mr. BAILEY. Then, that does not cheapen the dollar; it increases the value of the dollar.

Mr. THOMAS of Oklahoma. I am sure the Senator understands this matter, and he may be trying to get me in a hole.

Mr. BAILEY. I am not trying to get the Senator in a hole. I am trying to get him to reconcile his statements.

Mr. THOMAS of Oklahoma. When we get silver bullion up to the point where it is worth 100 cents intrinsically, then it will be on a parity with the gold dollar in purchasing power.

Mr. BAILEY. And more valuable?

Mr. THOMAS of Oklahoma. That is correct; but the silver dollar will then have the same buying power the gold dollar has.

Mr. BAILEY. The Senator does not reconcile his statement that he is trying to make money cheaper with the fact that he is trying to make silver dearer.

Mr. THOMAS of Oklahoma. After we get the silver in the silver dollar worth 100 cents and on a parity with gold, then silver and gold will be equal. Does the Senator agree to that?

Mr. BAILEY. I agree to that.

Mr. THOMAS of Oklahoma. Then, by putting more silver dollars into circulation and putting more paper dollars into circulation we will make all forms of money cheaper; gold comes down, silver comes down, paper comes down in buying power to the extent to which more money is put into circulation.

Mr. BAILEY. Still, we have raised the value from 35 cents——

Mr. THOMAS of Oklahoma. Raised the bullion value; that is correct.

Mr. BAILEY. So the money is not cheaper. There may be more of it, but it would still be worth 100 cents.

Mr. THOMAS of Oklahoma. Oh, yes; it is always worth 100 cents. Let me remind the Senator that in 1920 the gold dollar was still the standard but was not in circulation. The silver dollar was still in circulation. Paper money was in circulation. All of these dollars were on a parity, because one was supposed to get a dollar in gold for a dollar in paper. At that time the dollar was worth 50 cents in buying power. The gold dollar was worth 50 cents in buying power, although it had 100 cents in it.

Mr. BAILEY. Relative to the commodity price.

Mr. THOMAS of Oklahoma. Yes; that is what I mean. All money was worth 50 cents in buying power, and it is my contention that after we get these metals to a parity, or even before we get them to a parity, if we put enough money in circulation we will bring down the buying power of the dollar. It will still have a hundred cents in it, but the cents will not buy so much.

Mr. BAILEY. Does the Senator mean to say that making silver worth $1.29 an ounce brings down its buying power, or increases its buying power?

Mr. THOMAS of Oklahoma. Mr. President, we might make the silver worth $1.29 an ounce, and yet the ounce of silver would not be worth a nickel based upon the present level of value.

Mr. BAILEY. Which has the more buying power, 35 cents or 100 cents?

Mr. THOMAS of Oklahoma. Mr. President, the 35 cents might have more buying power than a hundred dollars. Suppose we got inflation in this country, suppose we commenced issuing money as Germany did, putting money into circulation by the bale. After a while the dollar would not buy as much, perhaps, as a nickel would buy now. So 35 cents, the present value, might be worth $35,000,000,000 in the cheap paper money Germany had. The Senator understands this matter, I am sure.

Mr. BAILEY. The Senator shifts from silver to paper money. On yesterday he repudiated all conceptions of paper money as primary currency.

Mr. THOMAS of Oklahoma. I did.

Mr. BAILEY. Why carry the argument into that field? I am confining myself to the simple question: Which has the more buying power, as matters stand, not by way of possibility or reference to paper but as a matter of fact, 35 cents or a hundred cents?

Mr. THOMAS of Oklahoma. A hundred cents.

Mr. BAILEY. Yet the Senator proposes to put the value of silver at 100 cents and at the same time cheapen currency.

Mr. THOMAS of Oklahoma. Absolutely I do; and I am sorry the Senator cannot see that. The time will come when he will.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. All the Senator has to do is to reflect that the quantitative theory of money means cheapening money. If we had $10,000,000,000 worth of gold, gold would be cheaper. The quantitative theory of money is something the Senator from North Carolina understands. He is not nearly so dense in the matter as he might appear.

Mr. THOMAS of Oklahoma. I join with the interpretation of the Senator as to the lack of density of the Senator from North Carolina.

Mr. President, I want to call attention now to another article, to see whether or not I am wrong in my interpretation of the bill. I refer to an article appearing in the New York Times. I think no one can state that the New York Times is favorable to silver, but the New York Times does have some very able writers, and what we see in the New York Times will at least bear investigation.

The article to which I refer is of date May 24, 1934. It is an article signed by Mr. Arthur Krock. I read this in the article:

> How much new currency will be issued if the Pittman bill becomes law?

He answers that question as follows:

> The best reply obtainable is: From $1,500,000,000 down to nothing at all.

I do not think my interpretation was far wrong. It may mean nothing at all. That is the opinion of the financial writers, financial experts, the best analysis of news that we have. It might mean more; I hope it does. But it does not necessarily mean anything.

Further on I find that Mr. Krock quoted the Associated Press, or the Associated Press quoted Mr. Krock, I am not sure which, but I find the subhead "Surplus a Worthless Commodity." I want to read part of this interpretation by Mr. Krock:

> Only 371¼ fine grains of silver will be held in back of each silver dollar. Therefore, in the case of purchases at 50 cents an ounce or less, there will be a left-over in each ounce for storage in the Treasury. This will not be carried in the Treasury inventory as bullion with a monetary value. It will be listed along with Government desks, buildings, and office supplies as a "worthless commodity." In a purchase of 1,000,000 ounces of silver at 50 cents an ounce, only 387,596 ounces are legally required for the coinage of $500,000. The remainder, 612,404 ounces, is for storage. Only if and when the world price of silver goes above 50 cents an ounce, and if and when the Treasury should sell some of its silver, would a "dollar profit" on the silver be realized.
>
> The Treasury has about 700,000,000 ounces of silver. To arrive at a 25–75 ratio with the Treasury holdings of gold (now valued at $7,758,000,000) purchases of 1,300,000,000 ounces of silver must be made, listed at a coinage value of $1.29 an ounce. If the price of gold or the amount held by the Treasury varies, however, the amount of silver needed to be purchased to reach the 25–75 ratio will change with these.

Mr. President, that is a correct statement of the situation. Under the pending bill, if it shall be enacted, we will have to buy silver to the extent of about a billion three hundred million ounces. It will be valued at $1.29 an ounce. That makes up the monetary value, the sum of $2,500,000,000. That fills our 100-percent reserve—25-percent reserves in silver. But the silver is worth only a billion dollars. I contend that $2,000,000,000 in silver, stamped, does not fill the requirement of $2,500,000,000 in reserve, upon which we are supposed to issue currency and credit of a nation.

I read a little further:

> Treasury experts do not believe that the silver program, even if finally completed, will make much difference in the earnings or holdings of citizens generally.

That is my construction exactly. If the bill shall become a law, or whether it shall become a law or not, it will have no perceptible or particular effect upon our financial system.

The Government will not buy enough silver to make any difference. If it buys a billion ounces at 50 cents an ounce, it will put $500,000,000 into circulation, and, in my judgment, that would be only a part of what it should put into circulation. I think we should put into circulation enough added money to bring the buying power of the dollar down to 100 cents, based upon the best yardstick of measurement we have, and that is the Bureau of Labor Statistics, which shows that in 1920 the dollar was down to 50 cents, and it showed that in February 1933 the dollar was worth $1.69. Although we have cheapened the dollar somewhat after a year's trying, it is still worth $1.36 today.

I am opposed to retaining that excess value of 36 cents in the dollar. I want to take it out, and I am trying so to amend this bill that it will take out of the present buying power of the dollar that excess value of 36 cents, and if that is done, that will be reflected in the price paid for tobacco in North Carolina; it will be reflected in the price paid for apples in Michigan; it will be reflected in the price of steel in Pennsylvania; it will be reflected in the price of wheat in Kansas and in the Dakotas; it will be reflected in the price of cotton in the South; it will be reflected wherever raw materials are produced.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BAILEY. The Senator interests me very much in his statement that the increase in the value of silver by way of purchases under the amendment he proposes would favorably affect the prices of tobacco in North Carolina and of cotton throughout the South.

Tobacco is sold in North Carolina to the extent of 60 percent of the crop, in round figures 300,000,000 pounds, abroad; that is, in the foreign market, and the cotton generally throughout the South is sold abroad to the extent of about 50 to 55 percent—probably more. Eight million bales are sold abroad to 6,000,000 bales sold in this country on the average.

I asked the Senator on yesterday, not to get him in a hole, as he just now intimated, but wholly for the purpose of enlightening myself, and I hope my constituents, to discuss how the increase in the value of the silver would affect the prices of our agricultural export crop in the silver countries. The Senator answered that he was glad that I had asked the question. Unfortunately, he was diverted by other questions and did not answer that question. I request him now to discuss that for my enlightenment.

Mr. THOMAS of Oklahoma. Mr. President, I am not familiar with the price of tobacco——

Mr. BAILEY. I will inform the Senator that the average price for the bright tobacco was 16½ cents.

Mr. THOMAS of Oklahoma. Inasmuch as I am not familiar with tobacco. I will take cotton.

Mr. BAILEY. Very well.

Mr. THOMAS of Oklahoma. Last year when the Congress was in session cotton was selling in my State for 5½ cents a pound. We cheapened the dollar in terms of gold content. We did some other things which made cotton more scarce. We have done things to date which have taken 31 cents of the excess buying power from the old dollar that we had a year ago, because at that time, measured by 800 articles, the dollar had a dollar and 69 cents buying power. We have reduced the buying power of that dollar down to $1.35. We have taken out of it something like 32 cents. Cheapening the dollar and restricting the production of cotton have increased the price of cotton from 5½ cents to something like 11½ cents, and I assume the same effect has been had upon tobacco.

Mr. BAILEY. Permit me to interrupt the Senator one moment to make a contribution. I understand the gold value of American cotton and American tobacco is today in the markets of the world practically the same as it was prior to the time when we went off the gold standard, and undertook and nearly succeeded in devaluing our currency in the world markets. Is that correct?

Mr. THOMAS of Oklahoma. I can explain that by using an illustration. If the Senator were in London today he could take 60 cents of gold and go to the bank and buy an American paper dollar. With 60 cents of the old-value dollar, in other words, 15 grains plus of gold, the Senator could buy an American dollar in London. You take your American paper dollar and buy a bushel of wheat, which a few days ago you could get for 80 cents. It is higher now. The drought has come, and the price of wheat has gone up. You could have gotten the bushel of wheat 2 weeks ago for 80 cents. You start with 60 cents, buy an American dollar, pay 80 cents for a bushel of wheat and have 20 cents left. How much does the bushel of wheat cost you in England?

Mr. BAILEY. That would have to be determined by the value of the pound in exchange for dollars rather than gold.

Mr. THOMAS of Oklahoma. There is no element of pounds in this, Mr. President. It is simply American money.

Mr. BAILEY. So far as that is concerned, it remains the same in gold. Nothing has happened to change that. Am I right about that?

Mr. THOMAS of Oklahoma. Mr. President, answering my own question: We start with 60 cents in gold. With the 60 cents we bought an American dollar. With the American dollar we bought a bushel of wheat and got 20 cents in change in money. We have to reconvert that 20 cents into American gold. Sixty percent of 20 cents is 12 cents. Take 12 cents from 60 cents, and it is found that the wheat cost 48 cents a bushel. I will say that 50 cents a bushel will be approximately correct. So 2 or 3 weeks ago wheat was selling in America for 80 cents a bushel, and selling in England and gold-using countries for 50 cents a bushel.

I contend that the only way to help the prices here domestically—we cannot change the world prices—the only way to help the prices here domestically is through the manipulation of our money, and if we take that excess 31 cents out of the dollar it will still further help the price of wheat, it will still further help the price of cotton and of tobacco domestically. As to the portion we sell abroad, that is another question.

Mr. BAILEY. Mr. President, there is the point at which I was driving. The Senator said we can affect the price domestically, but we cannot affect the price in the world market. My question—I will go back to it—was, How would the proposed increase in the value of silver affect the price of cotton and tobacco in the world market?

Mr. THOMAS of Oklahoma. Mr. President, we are never going to have silver as basic, standard, primary money until 371¼ grains of fine silver are worth 100 cents on the parity with the gold dollar, whatever weight the dollar has in gold, and I am trying to do what I can to provide a system which will raise the price of silver, 371¼ grains, so that that many grains of fine silver will be worth on the world market the equivalent of the grains of gold in a gold dollar—I do not care what those grains are—15 plus, or cut them down to 11, as the President may do when we finally go back on the gold standard officially.

Mr. BAILEY. Mr. President, the Senator seems to argue that the higher the value of the money the lower the commodity price. Is that right?

Mr. THOMAS of Oklahoma. Yes, Mr. President.

Mr. BAILEY. The higher the value of gold——

Mr. THOMAS of Oklahoma. I will have to get some more blocks, Mr. President, to argue with the Senator from North Carolina.

Mr. BAILEY. I will wait until the Senator gets them. I cannot do anything but wait until the blocks come in.

Mr. THOMAS of Oklahoma. If my interpretation of this bill and the interpretations given by financial writers do not appeal to the Senator, then, of course, I must submit that I am unable to make my point clear to the Senator—conceding that I have a point.

Mr. BAILEY. Mr. President, I do not want to harass the Senator, but I will say that I asked him a question, and he said on yesterday he was glad I asked him the question. I repeated the question today. Now, very respectfully and in all courtesy, I must say he has not answered my question, and I believe it is a pertinent question. That he must get some more blocks in order to answer as to the effect of the increase of the value of silver upon American export prices does not answer my question.

Mr. THOMAS of Oklahoma. The Senator can read what I have to say. If that answers the question, then I will not have to go over the whole matter again.

I now call attention to a news story appearing in the New York Times of recent date under the heading "Silver Plan Held No Threat to Gold." I made the statement yesterday that if we passed this bill we would not make silver part of our reserves; we would not give silver any quality of gold. We would simply add some more silver to our stock of money. So, if this bill passes without amendment—if we buy billions of ounces there is no threat to gold whatever. Gold is still the standard of value. It is still the unit of currency in the United States. There is no lessening of the demand for gold, because silver does not take its place.

I am trying to amend this bill so that silver may be used in the place of gold in the settlement of international balances. At the present time if we deal with China or Japan or India or Mexico we cannot pay them in silver, excepting in silver bullion. They will not accept our silver dollars for 100 cents because they have no use for the silver dollar that is stamped. They have use for the bullion. We can settle on a bullion basis with China and with Japan and with the silver-using countries. I am trying to amend this bill so that we may do that, by giving silver a status so that it will be, in a sense, a competitor of gold. But this bill does not proceed upon that theory at all.

The New York Times does not so construe it. If we pass this bill we may put in circulation two and one-half billion dollars of fiat money stamped upon silver. The silver is still worth a billion dollars, that is all. It has a billion dollars of value. We would not put that kind of money—a fiat of a billion and a half dollars—in reserves. So under the terms of this bill, silver is no more important than paper, so far as money is concerned, basic primary standard money. The New York Times states my viewpoint:

> Silver plan held no threat to gold.

I read further down the article:

> It is not to be elevated to the dignity of gold, as the gold dollar alone will be the standard unit of value in the United States, and foreign balances will be settled in gold alone.

I am trying so to dignify silver that we may settle foreign balances in silver on a bullion basis. That will make an added demand for silver; it will lessen the demand for gold; it will increase the value of silver and decrease the value of gold. As I have previously said, if the increased demand for silver is sufficient and the decreased demand for gold is sufficient, silver goes up in value and gold goes down in value, and after a while they will meet on a parity which we can all recognize.

I read further from another financial writer. It is rather recent, June 2, 1934, and the article is by Mr. Leslie Eichel, Central Press staff writer, and the article was sent out from New York and published in the New York World. I read as follows:

> Wall Street recognized what the silver proponents are just beginning to realize—that the silver bill actually is a deflationary measure.

Some of us, Mr. President, have not realized that as yet. If this writer interprets this bill properly, it is not an inflationary measure but is a deflationary measure.

Reading further from this article:

> Which, of course, is what the sound-money people desire.

Mr. BORAH. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. Upon what theory does the writer say that the pending bill is deflationary?

Mr. THOMAS of Oklahoma. Let me read the remainder of the article:

> It cleverly stops the silver stampeders, although on the surface it has the appearance of aiding them.
>
> Actually the Silver Purchase Act of 1934 gives the Government no more powers than it had previously, through acts already on the statute books.
>
> On the contrary, it puts fear into the hearts of silver speculators, for it places a 50-percent tax on private profits in silver bullion sales.

That is the complete article.

Mr. BORAH. I think that the writer looks upon the bill as deflationary because of the taxing clause in it.

Mr. THOMAS of Oklahoma. I would get that impression; deflationary in that, instead of silver being increased in price, it will be decreased in price.

Mr. President, at this point I want to call the attention of the Senate to the legislation which has appeared upon our statute books since the Constitution was formed, and even prior to that time. I want to give very briefly the history of monetary legislation in the United States.

A resolution passed by the Continental Congress on the 6th day of July 1785 declared that the money unit of the United States shall be a dollar; and another resolution passed on the 8th of August 1786 fixed that dollar at 375.64 grains of fine silver. That was the act of the Continental Congress.

The Constitution, adopted and signed on September 17, 1787, contains the following provision in article I, section 8, paragraph 5:

> The Congress shall have power * * * to coin money, regulate the value thereof, and of foreign coin * * *.

Article I, section 10, paragraph 1, provides:

> No State shall * * * coin money, emit bills of credit, make anything but gold and silver coin a tender in payment of debts.

The first Secretary of the Treasury, Alexander Hamilton, made a report on the establishment of a mint, and in that report made the following statement:

> That the unit, in the coins of the United States, ought to correspond with 24 grains and three-fourths of a grain of pure gold and with 371 grains and one-fourth of a grain of pure silver, each answering to a dollar in the money of account.

Quoting further from Mr. Hamilton's report:

> It is often in the course of trade as desirable to possess the kind of money, as the kind of commodities, best adapted to a foreign market.

That statement is significant. Three-fourths of the people of the world use silver as money; they know not gold; they know not paper; they use silver and silver alone as their medium of exchange. Mr. Hamilton said that in dealing with such people it was well to use the same kind of money as the people in such foreign countries use. So, it is my contention that we have a chance materially to increase our trade with three-fourths of the peoples of the world, in India, China, North and South America, silver-using countries, by making our money conform to this precept or principle stated by Mr. Hamilton back in 1792.

Reading further from Mr. Hamilton—and this is significant—

> To annul the use of either of the metals of money is to abridge the quantity of circulating medium, and is liable to all the objections which arise from a comparison of the benefits of a full, with the evils of a scanty, circulation.

This statement of Mr. Hamilton, issued in 1792, verifies my statement as to the quantitative theory of money. If we make money plentiful we make money cheap; if we make money scarce we make money high. Mr. Hamilton laid down the principle that if we take either gold or silver out of circulation, to the extent we do that, we make money scarce, and if we make money scarce we make money high.

Under the theory as expounded by Mr. Hamilton, the Congress on April 2, 1792, passed the first coinage act. That act contained the following language:

> There shall be from time to time struck and coined at the said mint, coins of gold, silver, and copper of the following denominations, values, and descriptions * * * viz, * * * dollars or units—each to be of the value of a Spanish milled dollar as the same is now current, and to contain 371 grains and four-sixteenths part of a grain of pure, or 416 grains of standard silver.

Mr. President, in 1792 the Congress of the United States, under the Constitution, acting upon a report and recommendation of Mr. Hamilton, established the silver dollar as the single measurement of value in these United States and fixed the weight of that dollar at 371¼ grains fine silver; and the grains of fine silver in the dollar fixed by Hamilton in the First Congress have never been changed to this good hour.

On June 28, 1834, the Congress passed another law relating to money, and I desire to incorporate one section from that act at this point in my remarks.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. The Senator will recall when Hamilton was formulating his monetary policy, involving the use of the two metals, that he sent it to Mr. Jefferson for his consideration, and it received the approval of Mr. Jefferson. Both those men declared very emphatically at that time for the use of both gold and silver as primary money.

Mr. THOMAS of Oklahoma. The Senator's statement is exactly correct. Hamilton's recommendation was followed by the Congress; and when the Congress met and acted upon the recommendation the Congress made silver the standard and fixed the weight of the standard silver dollar at 371¼ grains and that has not been changed since 1792.

By the way, the weight of the gold dollar has been changed three or four times, but the weight of the silver dollar still remains the continental dollar, the constitutional dollar, the Washington dollar, the Hamilton dollar, the Jefferson dollar, the Lincoln dollar, and the dollar of every President until silver was demonetized.

The act of June 28, 1834—and from that act I read a section—provided:

> The gold coins of the United States shall contain the following quantities of metal—that is to say, each eagle shall contain 232 grains of pure gold and 258 grains of standard gold. * * * Every such eagle shall be of the value of $10.

Mr. President, as late as 1834, in fixing the weight of gold the Congress fixed the value of gold measured by the standard silver dollar, because it said that so many grains of gold shall be of the value of $10, and the unit at that time was the silver dollar; gold had not been made the standard at that time; so the standard must have been the standard silver dollar, and gold at that time, in 1834, was measured in terms of silver.

This act changed the ratio of pure to standard gold and reduced the gold content by a little over 6 percent, making the silver-to-gold ratio 15.98 to 1.

The act of March 3, 1849, also made some reference to the monetary unit. Provision made for coinage of gold dollars each to be of the value of one dollar or unit.

As late as 1849 the silver dollar was the standard of value, and in 1849 we measured gold in terms of silver dollars. Some of the Senators here can almost remember back to that time.

I next call attention to the act of February 12, 1873, which is known as the "crime of '73." I want to read one paragraph from that act, which had the purpose of making the gold dollar the standard unit and stabbing or killing the silver dollar.

Section 14 of the act known as the "crime of '73" reads as follows:

> The gold coins of the United States shall be a one-dollar piece, which, at the standard weight of 25.8 grains, shall be the unit of value.

There was a change from the standard silver dollar to the standard gold dollar. By that simple act of three lines the standard unit of measurement in these United States was transferred from a standard silver dollar to the standard gold dollar. The act to which I have just referred contained no provision for a silver dollar, except a trade dollar having a weight of 420 grains troy. That was known as the "crime of '73", the act which demonetized silver.

Then, on March 14, 1900, we had what is known as the "Gold Standard Act" passed by the Congress. That act contained the following sentence:

> The dollar consisting of 25.8 grains of gold 0.9 fine * * * shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard. * * *

Since 1900 the gold dollar has been the standard of value in these United States. Since that time silver has been nothing more than a commodity.

Mr. President, during the 100 years while silver was the primary, basic, and standard money of America, statesmen worthy of the title foresaw what was eventually to happen to silver and the effect of demonetization of the white metal upon the peoples of America and the world. I wish the RECORD to contain some of those statements, some of those forecasts, some of those premonitions, as they might be called.

I quote first from Mr. Lincoln, who said:

> If a government contracted a debt with a certain amount of money in circulation and then contracted the money volume before the debt is paid, it is the most heinous crime that a government could commit against the people.

Mr. Lincoln was not in doubt upon the money question. He understood it thoroughly.

Mr. Logan made the following comment:

> The cause of our depression is money famine, and nothing else.

On one occasion, February 7, 1878, James G. Blaine made the following observation:

> On the much vexed and long-mooted question as to a bimetallic or monometallic standard, my own views are sufficiently indicated in the remarks I have made. I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce wide-spread disaster in and throughout the commercial world.
>
> The destruction of silver as money and establishing gold as the sole unit of value must have a ruinous effect on all forms of property except those investments which yield a fixed return in money. These would be enormously enhanced in value, and would gain a disproportionate and unfair advantage over every other species of property. If, as the most reliable statistics affirm, there are nearly $7,000,000,000 of coin or bullion in the world, not very unequally divided between gold and silver, it is impossible to strike silver out of existence as money without results which will prove distressing to millions and utterly disastrous to tens of thousands.

Again he said:

> I believe gold and silver coin to be the money of the Constitution; indeed, the money of the American people, anterior to the Constitution, which the great organic law recognized as quite independent of its own existence. No power was conferred on Congress to declare either metal should not be money. Congress has, therefore, in my judgment, no power to demonetize silver any more than to demonetize gold.

Senator Sherman said in 1869:

> The contraction of the currency is a far more distressing operation than Senators suppose. Our own and other nations have gone through that operation before. It is not possible to take that voyage without the sorest distress. To every person except a capitalist out of debt, or a salaried officer or annuitant, it is a period of loss, danger, lassitude of trade, fall of wages, suspension of enterprise, bankruptcy, and disaster. It means ruin of all dealers whose debts are twice their business capital, though one-third less than their actual property. It means the fall of all agricultural production without any great reduction of taxes. What prudent man would dare to build a house, a railroad, a factory, or a barn with this certain fact before him?

John G. Carlisle, then a Member of the House of Representatives, said on February 21, 1878:

> I know that the world's stock of precious metals is none too large, and I see no reason to apprehend that it will ever be so. Mankind will be fortunate indeed if the annual production of gold and silver coin shall keep pace with the annual increase of population and industry. According to my views of the subject, the conspiracy which seems to have been formed here and in Europe to destroy by legislation and otherwise from three-sevenths to one-half the metallic money of the world is the most gigantic crime of this or any other age. The consummation of such a scheme would ultimately entail more misery upon the human race than all the wars, pestilences, and famines that ever occurred in the history of the world.
>
> The absolute and instantaneous destruction of half the entire movable property of the world, including houses, ships, railroads,

and other appliances for carrying on commerce, while it would be felt more sensibly at the moment, would not produce anything like the prolonged distress and disorganization of society that must inevitably result from the permanent annihilation of one-half the metallic money of the world.

The junior Senator from Texas, Mr. Mills, on the 3d of February 1886, on the floor, said:

But in all the wild, reckless, and remorseless brutalities that have marked the footprints of resistless power there is some extenuating circumstance that mitigates the severity of the punishment due the crime. Some have been the product of the fierce passions of war, some have come from the antipathy that separates alien races, some from the superstitions of opposing religions.

But the crime that is now sought to be perpetrated on more than 50,000,000 of people comes neither from the camp of a conqueror, the hand of a foreigner, nor the altar of an idolator. But it comes from those in whose veins runs the blood of the common ancestry, who were born under the same skies, speak the same language, reared in the same institutions, and nurtured in the principles of the same religious faith. It comes from the cold, phlegmatic, marble heart of avarice—avarice that seeks to paralyze labor, increase the burden of debt, and fill the land with destitution and suffering to gratify the lust for gold—avarice surrounded by every comfort that wealth can command, and rich enough to satisfy every want save that which refuses to be satisfied without the suffocation and strangulation of all the labor of the land. With a forehead that refuses to be ashamed it demands of Congress an act that will paralyze all the forces of production, shut out labor from all employment, increase the burden of debts and taxation, and send desolation and suffering to all the homes of the poor.

Wendell Phillips said:

In other words, it was the currency which, rightly arranged, opened a nation's wellsprings, found work for willing hands to do, and filled them with a just return, while honest capital, daily larger and more secure, ministered to a glad prosperity. Or it was currency, wickedly and selfishly juggled, that made merchants bankrupt and starved labor into discontent and slavery, while capital added house to house and field to field, and gathered into its miserly hands all the wealth left in a ruined land.

The first question, therefore, in an industrial nation is, Where ought control of the currency to rest? In whose hands can this almost omnipotent power be trusted? Every writer of political economy from Aristotle to Adam Smith allows that a change in the currency alters the price of every ounce and yard of merchandise and every foot of land. Whom can we trust with this despotism? At present the banks and the money kings wield this power. They own the yardstick and can make it longer or shorter, as they please. They own every pound weight, and can make it heavier or lighter as they choose. This explains the riddle, so mysterious to common people, that those who trade in money always grow rich, even while those who trade in other things go into bankruptcy.

William B. McKinley said:

I am for the largest use of silver in the currency of the country. I would not dishonor it. I would give it equal credit with gold. I would make no discrimination. I would utilize both metals as money and discredit neither. I want the double standard.

Benjamin Harrison, in his message to the United States Senate on April 26, 1892, said:

It may not be inappropriate, however, to say here that believing that the full use of silver as a coined metal upon an agreed ratio by the great commercial nations of the world would very highly promote the prosperity of all their people.

M. Woloneski, at the French Monetary Convention in Paris, 1889, said:

If, by a stroke of the pen, they suppress one of these metals in the monetary service, they double the demand for the other metal, to the ruin of all debtors.

Goschen, at the Paris Conference, stated:

At present there is a vicious circle. States are afraid of employing silver on account of the depreciation, and the depreciation continues because States refuse to employ it.

The money commissioners in their report made March 2, 1877 (vol. 1, p. 50), said:

That the disasters of the Dark Ages were caused by decreasing money and the falling prices, and that the recovery therefrom and the comparative prosperity which followed the discovery of America were due to an increasing supply of the precious metal and rising prices, will not seem surprising or unreasonable when the noble functions of money are considered. Money is the great instrument of association, the very fiber of social organism, the vitalizing force of industry, the protoplasm of civilization and as essential to its existence as oxygen is to animal life. Without money civilization could not have had a beginning and with a diminishing supply it must languish and, unless relieved, finally perish. Falling prices and misery and destitution are inseparable companions.

Mr. President, what was prophesied and forecast has happened. Silver was demonetized. Gold was made the earthly god, and millions have worshiped at the yellow shrine.

[At this point Mr. THOMAS of Oklahoma, on the suggestion of Mr. MCNARY, yielded to Mr. BARBOUR, who addressed the Senate, and subsequently to Mr. METCALF, Mr. HATFIELD, and Mr. LONG, who addressed the Senate. Their speeches appear following the conclusion of the speech of Mr. THOMAS of Oklahoma.]

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to be permitted to insert in my remarks, at appropriate points, certain data and figures. I make the request because I want to get certain data in the RECORD for what they may be worth without unduly consuming time.

The PRESIDING OFFICER. Without objection, permission is granted.

Mr. THOMAS of Oklahoma. Mr. President, at this point I desire to call attention to one feature upon which the legislation is predicated. The public press and some of the people of the country seem to think that the silver legislation has been proposed to help the silver miners, the silver mine owners, the silver cities, the silver counties, and the silver States. That may be the purpose of some of those who are considering and promoting the proposed legislation. Personally, I hope, if the bill shall pass it will help the silver miners; I hope it will help the silver companies; that it will help the silver cities and silver counties and the silver States. But personally and fundamentally I have no interest in the question from that standpoint except as, in my capacity as a United States Senator, I represent in a way the entire country.

I am sure the Senate and the Congress and the country are not interested in the question strictly from that standpoint, however worthy that standpoint may be. Unless we can use silver to help the nonsilver States, the nonsilver miners, and the non-silver-producing companies, I think it would fail in both the House and the Senate. I can see in the proposal the possibility of using silver in such a way as to help people who do not reside in the silver States, to help the people of America, to help the farmer, to help the stockman, to help the professional man, to help the corporations of the country. Unless I could see in the proposal a possible help for those who do not live in strictly silver-producing States I should not undertake to spend hours in discussing the matter in the Senate.

Mr. President, the people of the country, as I verily believe, do not fully understand the conditions which confront them. The 125,000,000 people of America have but a faint conception of the mass debts which rest upon their shoulders today. If the question should be asked, "How much are the massed debts of America?" I doubt if many could give an answer.

I made the statement a year ago that if a certain other measure should be enacted into law it might have the possible effect of transferring value from one class in this country to another class to the amount of $200,000,000,000. I was taken to task on the floor of the Senate for making that statement. I have been taken to task in other places since for having made the statement. Some people yet apparently do not understand what I meant when I made that statement. At this point I am going to try to explain a little further what my meaning was.

At this time the people of America have on their shoulders massed debts in a sum in excess of $250,000,000,000. That is more than 20 times all the gold in the world. The authority for that statement is contained in the text of a book which has been published recently. The book is entitled "The Internal Debts of the United States." It is under the authorship of Evans Clark. The book was published by a group of gentlemen who did not expect to make money from its publication. A group of gentlemen of large means contribute to a fund called "Twentieth Century Fund, Inc." This fund is administered by a board of trustees. The board of trustees comprises the following well-known American gentlemen: Edward A. Filene, president; Henry Bruere, treasurer; Newton D. Baker; Bruce Bliven; Henry S. Dennison; John H. Fahey; Max Lowenthal; James G. McDonald; Roscoe Pound; Owen D. Young. Just to read those names should give assurance to anyone acquainted with those gentleman that the book is an honest attempt to portray and catalog and analyze the amount of the massed debts resting on the people of the country.

In order that I may properly portray and lay the foundation for the figures which the book gives, I want to read for the RECORD the names of some of the contributors. I read from one of the pages the contributors.

The following are the contributors to this volume, with the subjects of their special interest:

This board of trustees picked out experts to make a study, analyze catalog, and make an estimate of the massed debts of particular interests.

Frieda Baird was suggested to make a compilation of the farm-mortgage debts. Frieda Baird formerly represented the Brookings Institution.

John Bauer, director of the American Public Utilities Bureau, was selected to compile the public-utility debts.

Evans Clark, director of the Twentieth Century Fund, was selected to compile the Nation's total debts; and that is what I shall read from shortly.

Wilfred Eldred, economist of the National Transportation Committee, was selected to compile the railroad debts.

George B. Galloway, of the Twentieth Century Fund, was selected to make an estimate of the debts of the Federal Government and financial corporations.

Wylie Kirkpatrick, of the Institute for Government Research, the Brookings Institution, was selected to compile the State and local debts.

Gardiner C. Means, of Columbia University, was selected to compile the debts of industrial corporations and banks.

Victoria J. Pederson, of Columbia University, was selected to compile the urban mortgage debts.

Franklin W. Ryan, vice president and economist of the Van Strum Financial Service, was selected to compile the short-term debts.

In addition to those experts, they had a large number of consultants; and I read the names of these consultants.

The following acted as advisers in the preparation of this volume and reviewed the findings without, however, assuming personal responsibility for them:

Leonard P. Ayres, vice president of the Cleveland Trust Co., the debts of banks.

James C. Bonbright, professor of economics at Columbia University, public-utility debts.

Philip H. Cornick, of the Institute of Public Administration, State and local debts.

Charles G. Edwards, president of the New York Real Estate Securities Exchange, urban mortgage debts.

Charles O. Hardy, economist of the Brookings Institution, the debts of railroads and banks.

Clarence Heer, professor of economics at the University of North Carolina, State and local debts.

Leon Henderson, director of the division of remedial loans, Russell Sage Foundation, short-term personal and household debts.

Harley L. Lutz, professor of political science at Princeton University, was selected to collaborate on State and local debts.

Edwin G. Nourse, director of the Institute of Economics, the Brookings Institution, farm-mortgage debts.

Laurence H. Sloan, vice president of the Standard Statistics Co., the debts of industrial corporations.

Mr. President, those are the persons responsible for this book. It is a book of 430 pages. It analyzes the debt structure of America.

I desire at this time to put in the RECORD an analysis of this debt structure. I shall give the figures in billions and millions only. I shall omit the thousands and hundreds. I quote from this publication, on page 10, in table I, where the long-term debts are itemized and classified, as follows:

[Figures in millions]

1. Farm-mortgage debts	$8,500
2. Urban mortgage debts	27,554
3. Railroad debts	14,264
4. Public-utility debts	11,225
5. Industrial debts	10,450
6. Financial debts	21,919
7. Federal debts	14,237
8. State and local debts	18,685
Total reported debt	126,834
Total estimated debt	134,280

This book was published some time ago, and the Federal debt at that time was figured at only $14,237,000,000.

The State and local debts, totaling $18,685,000,000, are long-term debts evidenced by bonds.

The figures just read total the sum of the reported debt of $126,834,000,000, but the collaborators of this book estimate the total long-term debts to be $134,280,000,000.

That is the long-term debt resting upon the shoulders of the people of America. It may be the debt of railroads, but men have to pay that debt if the debt is ever to be paid. It may be the debt resting upon the cities and the counties and the States, but men and women have to earn the money to pay these debts if they are ever to be paid. The total long-term debt resting upon 125,000,000 people is estimated to be $134,280,000,000.

Now the short-term debt:

On page 296 of this publication, under table 77, we find the short-term business debts in the United States for the years 1931 and 1932 classified and itemized as follows:

(Excluding debt items considered as money and excluding interbank items; figures in millions)

Forms of short-term business indebtedness	Outstanding	
	Dec. 31, 1931	Dec. 31, 1932
Short-term loans to bank by individuals and business enterprises (deposits)	$45,821	$41,500
Loans by Federal Reserve member banks	19,261	15,000
Loans by nonmember banks	12,045	11,000
Total loans by going banks	31,305	26,000
Estimated loans by suspended banks, which may still be regarded as collectible	865	1,000
Total bank loans	32,170	27,017
Less estimated total of long-term bank loans secured by real estate	10,000	9,000
Total short-term bank loans	22,170	18,017
Less estimated total of short-term personal bank loans for individual and household purposes (items 7 and 8 from tables 82 and 83 of ch. XI)	1,120	760
Total of strictly business short-term loans	21,050	17,257
Loans to brokers for the account of "others" made by reporting member banks in New York City	13	4
Loans to brokers, reported by New York Stock Exchange, from private banks, brokers, foreign banking agencies, etc	132	68
Loans by brokers to individuals (estimated)	746	475
Loans by brokers to business firms (estimated)	186	119
Loans by Reconstruction Finance Corporation (of this total for 1932, loans to banks and trust companies were $594,597,707)		1,356

Since that time the Reconstruction Finance Corporation has increased its loans to banks to almost $1,000,000,000.

Forms of short-term business indebtedness	Outstanding	
	Dec. 31, 1931	Dec. 31, 1932
Estimated current liabilities of incorporated business concerns, excluding debts due to banks	$14,000	$12,000
Estimated current liabilities of nonincorporated business concerns, excluding debts due to banks	3,000	2,200
Miscellaneous financing by factors, selling agents, and other strictly business nonbanking financing, not included above	1,000	1,000
Loans by life-insurance companies on life-insurance policies, for business purposes	1,100	1,300
Loans by the United States Government on Government insurance policies and on adjusted service certificates for business purposes	134	158
Short-term cash loans by small-loan agencies for strictly business purposes	340	304
Miscellaneous overdue rents, overdue taxes, and overdue insurance premiums owed by business firms	1,000	1,500
Total short-term business debt	98,522	89,241

On page 307 of the publication, under table 81, we have analyzed and classified the short-term indebtedness for household purposes in the United States in 1931 and 1932, as follows:

Class of financing	Total amounts outstanding—	
	At end of 1931	At end of 1932
1. Retail open account debts	$3,200,000,000	$2,500,000,000
2. Retail installment debts	2,000,000,000	1,750,000,000
3. Short-term cash loans (for personal and household purposes)	2,223,083,000	1,720,000,000
Total of retail mercantile debts and short-term cash loans	7,423,083,000	5,970,000,000
4. Estimated total of life-insurance policy loans by life-insurance companies (for personal and household purposes)	2,269,146,545	2,500,000,000
5. Estimated total of U.S. Government loans to veterans on life insurance and on adjusted-service certificates (for personal and household purposes)	1,206,620,537	1,425,339,019
6. Estimated total of miscellaneous overdue rents, taxes, and overdue life-insurance premiums	2,000,000,000	3,000,000,000
7. Personal loans between individuals	1,000,000,000	1,500,000,000
Total short-term individual and family debts in United States	13,898,850,082	14,395,339,019
SUMMARY		
Total estimated long-term debts; latest available year	134,280,000,000	
Total short-term business debts outstanding Dec. 31, 1932	89,241,000,000	
Total short-term personal and household debts, 1932	14,395,339,019	
Total, long-term, short-term, and household debts	237,916,339,019	

Mr. President, since the end of 1932 the Federal debt alone has increased more than $10,000,000,000. The city debts have increased; the county debts have increased; the State debts have increased; so I am safe in taking this condition as the basis for my statement that today the total massed debts of the country resting upon the people are in excess of $250,000,000,000.

Mr. TYDINGS. If my calculations are correct, that makes a per capita debt of about $2,000, with a family debt of about $8,000.

Mr. THOMAS of Oklahoma. I have not made the calculation, but no doubt the Senator is correct.

Mr. President, I ask permission to insert in the RECORD following these tables some extracts taken from the book I have before me. I do not care to read them, but I do desire that they be included as a part of my remarks following the tables.

The PRESIDING OFFICER (Mr. MCCARRAN in the chair). Is there objection? The Chair hears none, and it is so ordered.

(See exhibit B.)

Mr. THOMAS of Oklahoma. Mr. President, how are we to pay these debts with a 137-cent dollar? Just a few moments ago I heard an address by a distinguished Senator of this body protesting against the cheapening of the dollar, protesting against the placing of more dollars in circulation.

I ask again, How can the people of the United States pay $250,000,000,000 of indebtedness with the scant sum of money we now have in circulation and with the high-priced dollars we still have today?

I wonder how high these dollars are in price. Before I come to that, however, I want to call the attention of the Senate to another set of conditions which, to me, is somewhat alarming. I have before me a map of the United States. This map shows the status of every State regarding the indebtedness of its cities.

The States shown in black on the map have cities, to the extent of over 200, which are now in default in the payment of interest on their obligations. The States shown with rather heavy lines indicate the States which have from one to two hundred cities which are in default today in their bonded obligations.

Another symbol shows States which have as many as twenty-five to a hundred cities which are today in default in their obligations.

Another symbol shows States which have cities to the extent of between 10 and 25 which are in default in their municipal obligations.

Still another symbol shows States which have between 5 and 10 cities in default.

The States left entirely white are States containing no cities which are in default.

How many States are there in the United States which have no cities which are today in default in their obligations? There are only seven which do not contain from 1 to 200 cities which have already defaulted in the payment of their bonded obligations.

Mr. President, there is one big white State in the West, the State of Nevada.

Mr. PITTMAN. I thank the Senator.

Mr. THOMAS of Oklahoma. The Senator sitting at my right [Mr. TYDINGS] ably represents the State of Maryland. I am glad to find that his State is in white. I will mention the States which are in white.

West Virginia has no city in default. Delaware has no city in default. Massachusetts has no city in default. Neither Vermont nor New Hampshire has a city which is in default. All the other States have cities in default. There are three States which have between 100 and 200 cities in default. I will not place the names in the RECORD.

There are eight States which have between 25 and 100 cities in default.

There are six States which have between 10 and 25 cities in default.

There are seven States which have between 5 and 10 cities in default.

There are 19 States which have as many as five cities in default.

Mr. President, how can these cities ever expect to pay their bonded obligations if the people have to earn and save and get dollars worth 137 cents to pay these debts? That is the reason why these cities are in default. They cannot pay. The only chance they will ever have to pay will be through the cheapening of the dollar so that the residents of the cities of the United States may get the dollars with which to pay their taxes, so that the tax money may be used to pay the interest and to pay the obligations as they mature.

Mr. TYDINGS. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. Has the Senator any figures as to the wealth of the United States and the annual income of the United States as compared with the debts? I do not wish to disrupt the Senator's remarks or change his thought, but if he has those figures, I should like to have him state them.

Mr. THOMAS of Oklahoma. Mr. President, my desk library is not very extensive, but I think I can answer most questions which may be propounded. In reply to the Senator's question, I shall quote from a report of the National Industrial Conference Board. I presume that will be taken as a rather substantial institution.

This report shows that the total estimated wealth of the United States in 1929 was $360,000,000,000. That was at its peak. In 1929 the total estimated wealth of the United States—and that means all property, of every kind and character—as estimated by this Board, totaled the sum of $360,000,000,000. If the Senator wanted me to itemize that sum, I would be very glad to do it.

Mr. TYDINGS. No; I do not ask the Senator to do that, but I take it, then, our national debt is within $110,000,000,000 of our national wealth, $250,000,000,000 as compared with $360,000,000,000?

Mr. THOMAS of Oklahoma. Mr. President, if we should take the dollar at a hundred cents, the Senator's statement would be correct; but that is not a fact, and that is what worries me. I shall now proceed to elucidate what I mean.

A year ago, the debts, for the purpose of illustration, totaled $250,000,000,000 in money, but owing to the fact that each dollar was worth $1.67, the people could not pay those debts with $250,000,000,000 of wealth. The taxpayers had to acquire dollars worth 167 cents and surrender those dollars in the liquidation of 100 cents of debts. That means that the $250,000,000,000 a year ago was not worth $250,000,000,000 in wealth although worth that in dollars, but in wealth, services, cotton, hogs, wheat, and what not, it was worth a year ago not $250,000,000,000 but the sum of $417,500,000,000.

Mr. BAILEY. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. BAILEY. The Senator stated that the indebtedness of the people and of the political subdivisions of our country was $250,000,000,000.

Mr. THOMAS of Oklahoma. The mass debt, and the debt the people all together owe.

Mr. BAILEY. Who held that debt?

Mr. THOMAS of Oklahoma. The Senator can answer his own question.

Mr. BAILEY. Was it held in the United States?

Mr. THOMAS of Oklahoma. Much of it was held abroad, much in the United States.

Mr. BAILEY. Not over fifty billion, at any rate, was held abroad?

Mr. THOMAS of Oklahoma. I think the Senator is approximately correct.

Mr. BAILEY. That would make $200,000,000,000 of American property in the form of American debts; that is, debts amongst the people. Has the Senator calculated that in the estimation of the national property?

Mr. THOMAS of Oklahoma. I did not get the Senator's question.

Mr. BAILEY. Did the Senator calculate the national indebtedness, as between one American and another, as a part of the national property?

Mr. THOMAS of Oklahoma. No; I cannot calculate debts as a part of the national wealth, I will say to the Senator.

Mr. BAILEY. If the Senator from Oklahoma owed me a hundred dollars, I would count that as my property, would I not?

Mr. THOMAS of Oklahoma. It might be an asset.

Mr. BAILEY. I assume it would be. Is the Senator saying that in framing his statement as to the national wealth he leaves out all the bonds, all the mortgages, all the notes, and all the choses in action held by the American people?

Mr. THOMAS of Oklahoma. Mr. President, the Senator's question compels me to place in the RECORD an itemization of the total wealth of the United States, as shown by the National Industrial Conference Board report.

The real property of the country was estimated to be worth $176,400,000,000; the personal property was estimated to be worth $39,816,000,000; the manufacturing products were estimated to be worth $28,422,000,000; railroads and equipment were estimated to be worth $19,900,000,000; manufactures, machines, and tools, $15,800,000,000; street railways, $15,400,000,000; livestock, $5,800,000,000; agricultural products, $5,500,000,000; motor vehicles, $4,600,000,000; coin and bullion, $4,300,000,000; farm implements, $2,600,000,000; imported merchandise, $1,500,000,000; mining products, $730,000,000. That makes a grand total. There are no debts figured in this statement.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. ADAMS. The Senator from Oklahoma is transposing the figures of the massed debts, I understand, from the dollar values the Senator gave into terms of the dollar of a higher valuation?

Mr. THOMAS of Oklahoma. That is correct.

Mr. ADAMS. Should not the same method of computation be applied to the national assets?

Mr. THOMAS of Oklahoma. Mr. President, I shall come to that in just a moment. The Senator is exactly correct; and if I overlooked that, I wish he would call my attention to it.

I made the statement that last year, when the dollar was worth $1.67, the people of the country could not pay this mass debt with $250,000,000,000 of wealth, because to get the dollars they must of necessity surrender services, and wealth, and property, lands, and wheat, and corn, and copper, and what not, to the value of 167 cents in order to get $1.

So to pay the debt a year ago the people would have had to pay $417,000,000,000 in value. We have reduced the value of the dollar 31 cents since last May. The dollar still has a buying power of $1.35 plus. I will put the exact figure in the RECORD. So today, because the dollar still has more than 100 cents of value, we could not pay the debts with $250,000,000,000 of wealth. With this excess of 36 cents still in the dollar, the debts today resting upon the people amount in value—not in dollars, but in value—to the sum of $340,000,000,000.

By reducing the dollar from $1.67 to $1.36, we have transferred value to the extent of $77,000,000,000 from those who have the debts coming to them, the creditors, to the debtor class. The President's proclamation cutting the gold content of the dollar 40 percent had much to do with that. If the debts were $250,000,000,000 last year, it would have taken $250,000,000,000 in gold to meet those debts. Since the President's proclamation reducing the gold content of the dollar to 60 cents, those who owe those debts, the debtor class, can pay the debts with 40 percent less gold. Forty percent of $250,000,000,000 is $100,000,000,000. So, when the President issued the proclamation reducing the gold content of the dollar from 100 cents to 60 cents, by that act he took $100,000,000,000 in value from the pockets of the creditor class and transferred it over to the pockets of the debtor class. Already, by my illustration, $100,000,000,000 of that value has been transferred.

Let us figure on the other side. In 1929 the total national wealth was $360,000,000,000. That was measured in the value of the dollar in 1929. As the dollar went up in value this total valuation shrank; it fell; and if the same formula which I have applied to the value of our debt is applied to the national wealth it will be found that today, instead of having $360,000,000,000 of national wealth, we have approximately $200,000,000,000 of national wealth.

So, if my figures are correct, this is the status of the United States at this good hour: We have property of all kinds and classes worth $200,000,000,000, and we have a national debt, a mass debt hanging over our shoulders, in the sum of $250,000,000,000. I should like to have someone tell me how we are going to pay $250,000,000,000 when the value of an the property of all of us combined is estimated at $250,000,000,000. Yet distinguished Senators stand upon the floor of the Senate and protest against the cheapening of the dollar, protest against placing more dollars in circulation.

I have a statement from a prominent writer, Dean Donham, of the Harvard Graduate School of Business, from which I quote:

> Unless Government credit is maintained we shall start the printing presses and face wild inflation. Government credit can be maintained only if business improves, tax revenues increase, and private initiative takes over the burden of financing business. Private financing will start only if our banks, our investment bankers, and our exchanges do their part effectively.

Mr. President, that is a protest against cheapening the dollar. That is a protest against placing more money in circulation, because the moment more money is placed in circulation the dollar becomes cheapened.

Only a few days ago, when the silver bill was discussed in a conference and the press carried the statement that the conference had agreed upon a silver bill and through the use of silver we should put more money in circulation, what happened? Almost everything happened. Cotton went up; wheat went up; all commodities went up; business improved. Then, when this bill came forth and the wise boys of finance saw what the bill proposed to do, cotton went down; wheat went down, everything went down.

Mr. President, let me call the attention of the Senate to the condition of the banks today. Banks are criticized for not making loans. I am not criticizing banks for not making loans. Anyone who understands the situation in my judgment will not criticize the banks of today for not making loans. The money in the banks in the main does not belong to the banks. Bankers own the capital stock. They may own the surplus, they may own the undivided profits, but that is all the bankers own. The balance of the money in the banks belongs to the patrons of the banks and the depositors of the banks. The bank officials do not have their own money to loan. They are the guardians, they are the trustees, of the deposits of their depositors. When bankers make loans they are not loaning their own money. When bankers make loans they should be sure not only that the loans they make will be repaid but that the interest will be paid. If the interest is not paid the bank makes no profit. If the principal is not paid the bank has to lose the amount of the loan. So, Mr. President, banks cannot make loans today, for the reason that there is no business and no property in the country that is making money.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BAILEY. May I suggest to the Senator that there is another reason?

Mr. THOMAS of Oklahoma. I shall be glad to have the suggestion.

Mr. BAILEY. It is that the United States Government is demanding of the banks every 30 or 60 days that they buy the paper of the Government, and on yesterday, as reported in today's papers, the bankers were prepared to loan to the United States Government $6,900,000,000, and not at all prepared to lend anything to anyone else; and if they did, they could not supply the demands of the Government for money.

Mr. THOMAS of Oklahoma. I know that the Senator understands the import of his question, but for the RECORD let me make my comment thereon.

Mr. President, I have just made the statement that there is no business in the country which today is sufficiently prosperous to justify the banks in making loans to it. Banks could not loan to farmers today. The farmers are not prosperous. Farmers cannot borrow money and pay 7 or 8 or 10 percent on it with cotton selling at below 10 cents a pound, with wheat selling below 75 cents a bushel, with livestock selling at 2 or 3 cents a pound. Farmers cannot borrow money from the banks, because farmers cannot repay the loans; and I do not blame the banks for not making loans to farmers. Bankers cannot make loans to farmers until the prices of farm products rise sufficiently, until the banks can see a chance to get back the principal and the interest. Banks cannot make loans to railroads. They are mostly in the hands of receivers. Banks cannot make loans to closed factories. Banks cannot make loans to men who have no jobs. I again make the statement that the reason why the banks are not making loans today is that the banks have no applications that promise repayment if the loans are made.

Let me answer the Senator's question with a question: Suppose the Senator from North Carolina had $1,000,000 in cash this afternoon—and I hope he has—how would the Senator loan his own dollars, his own money? He would not loan to farmers.

Mr. BAILEY. Let me answer the Senator. He gives me a good opportunity to say something that I have often wished I had an opportunity to say.

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. BAILEY. The only hope for the people of this country, for the circulation of money and the employment of men and women and the expansion and consumption of the products of the farm, is the restoration of profitable individual enterprises. So long as the Government brings in new and strange legislation day after day and week after week, we cannot expect the business man to borrow, or the bank to lend. We wind up with the Government undertaking to maintain the business structure by means of borrowed money, and there can be but one end to that—and I forbear to say what that end will be.

Mr. THOMAS of Oklahoma. Mr. President, I appreciate the statement made by the distinguished Senator from North Carolina. I desire to make further answer to his inquiry.

Banks are not making loans. As evidence of that, let me at this point place in the RECORD some concrete illustrations.

I hold in my hand a condensed bank statement. I shall not give the names of these banks, but they are types, and they are distributed in various sections. If anyone desires to see them, they are here, and can be seen. I have the condensed statement of a bank in my State. This bank has total deposits in the sum of $1,186,837.74. It is just a small country bank in the State of Oklahoma. This bank has loans and discounts in the sum of $231,837.56.

Mr. President, the statement shows that this bank has cash resources, commercial paper, bonds and warrants, Liberty bonds, cash in vaults, to the total of 87 percent of its deposits. Why is this bank not making loans? It is because there is no industry in that section which is prosperous upon which this bank can make loans; and until the farmers of that section get more than 10 cents a pound for cotton, more than 70 cents a bushel for wheat, more than 3 cents a pound for livestock, hogs, and cattle, they cannot secure loans at the bank, because the farmers cannot produce enough stuff to pay the cost of production and have anything left to meet the note when it comes due. That is the reason why this bank in my State is not making loans. It is advertising that it has 87 percent of its total deposits in liquid assets.

Mr. LEWIS rose.

Mr. THOMAS of Oklahoma. Mr. President, does the Senator from Illinois desire to interrupt me?

Mr. LEWIS. No. I was interested in the able Senator's presentation. I do not wish to interrupt him.

Mr. THOMAS of Oklahoma. I call attention at this point to another bank, which is not in my State but in the adjoining State of Kansas. This bank is about the same size as is the bank to which I just referred. It has on deposit $1,280,615.33; it has loans and discounts in the sum of $203,625.37. This bank is located in one of the best towns in America, the town of Wichita, Kans. I know there are people in the city of Wichita, Kans., and in the territory surrounding Wichita, who want to borrow money; I know there are many applications for money, but the bank is not making loans. Why? Because the bank does not see, if it makes the loans, how it is going to get its money back, and, being the guardians and trustees of the money of its depositors, it does not dare make loans under present conditions.

Let me call attention to a third bank. This bank is a larger bank, one of the larger banks in Oklahoma. It has on deposit the sum of $12,386,000—I leave off the hundreds and cents—it has loans in the sum of $906,000. It has $12,000,000 of deposits and loans of less than $1,000,000. It has cash resources, bonds and warrants, cash and sight exchange in the total sum of $11,646,000. Why is not this bank making loans? To my personal knowledge, the people of Oklahoma surely want to borrow money. Two hundred thousand people live in that city. It is in the midst of a good farming community. The farmers need money; they want money; factories need money; they want money; but the bank will not lend them money, for the very good reason that the bank does not see an opportunity to make the loan, in the first instance, in such way that it will be certain to get its money back.

Mr. President, let me call attention to another bank. This bank is a rather large bank in an adjoining State. It has $18,000,000 on deposit; it has loans in the sum of $1,712,000. It has Government bonds in the sum of $12,700,000; it has cash and sight exchange of $4,016,000; in other words, the bank has on deposit $18,000,000 and has cash in sight exchange and liquid funds in the sum of $16,000,000.

Let me call attention to another bank. This bank is located in Illinois. I refer to the First National Bank in one of the large cities in Illinois. This bank advertises in the newspapers of Chicago that it has 100 percent cash and Government securities. The reference to the 100 percent covers a large part of the advertisement.

The advertisement shows that this bank has total deposits in the sum of $6,000,000—I will be exact and say $6,318,000—and the advertisement shows that it has bonds, Liberty bonds, and cash in the sum of $6,366,000. In other words, this bank has more wealth, represented by bonds and cash, than it has total deposits. It is 100 percent liquid. Why does not this bank in Illinois make loans? For the same reason that the banks in Oklahoma are not making loans; for the same reason that banks in Kansas and other States are not making loans. They will not make loans until the general price level of all our commodities is elevated above what it is today. I have spent a good many hours upon this floor in order to get some of my colleagues to realize that necessity and to secure their help, but I am not sure that all my efforts have been of very much avail.

Mr. FESS. Mr. President——

The PRESIDING OFFICER (Mr. THOMPSON in the chair). Does the Senator from Oklahoma yield to the Senator from Ohio?

Mr. THOMAS of Oklahoma. I yield.

Mr. FESS. I think the Senator has made a very clear statement and one that everybody can understand. The only difficulty is whether or not the remedy is an equitable one. I take it, the Senator has the view that the heavy burden of debts makes the debtors incapable of getting credit and therefore, having no security, they are unable to borrow, and that makes it impossible for the banks to loan. I think that is perfectly obvious.

The remedy would be to increase the price level by increasing the volume of money, and, in a degree, cheapening the price of money. If we could limit that to the debtors, it would be fine; but when we think of the effect it would have upon not only the creditors but upon the large laboring class of the country, that makes the problem exceedingly difficult.

Mr. THOMAS of Oklahoma. Mr. President, I appreciate the suggestion made by the distinguished Senator from Ohio, but let me remind him that in 1920 when we did not have a 136-cent dollar, when we did not even have a 100-cent dollar, but did have a 50-cent dollar, a dollar worth one-third of what it is worth today, at that time every man in America had a job. If he did not want to work, he had to hide, because jobs pursued him. Today we have a 136-cent dollar, and 10,000,000 of our people are still unemployed, and we are spending $10,000,000,000 from the Federal Treasury for relief, by way of charity and gratuities, in order to keep these men alive until prosperous times come back, when, perhaps, jobs will come in sight again.

Mr. President, even though I have not converted very many here in the Senate, there have been some converts in some places. I now desire to put in the RECORD some extracts from a speech made by Mr. Russell Leffingwell, of the firm of J. P. Morgan & Co. I never expected to convert that firm; I never expected to convert any member of that firm, and I do not suppose Mr. Leffingwell ever heard of me. Nevertheless, I desire at this point to quote from a speech of his to show that what I am trying to say Mr. Leffingwell has already said. This address was delivered on March 21, 1934. His subject was "The Gold Problem and Currency Revaluation." The address was delivered before the Academy of Political Science. I wish to place some extracts from this address in the RECORD.

On page 5 of this address Mr. Russell Leffingwell, a member of the firm of J. P. Morgan Co., made this statement:

> The essence of monetary management and of central banking policy is to circumvent natural forces, and artificially, through the control of the note issue and of the investments of the central bank, to create a scarcity of money and credit when they appear to be too plentiful, and to create a plethora when they are too scarce.

Mr. President, Mr. Leffingwell admits what I have been trying to say here for 3 or 4 years as to the truth behind the question of the valuation of money. When money gets too high, it is because money is too scarce; when money is too high, it can be made cheaper by putting more money in circulation; and when money gets too plentiful, it can be made higher by taking money out of circulation. I will come to that in a moment, and place in the RECORD evidence that cannot be questioned.

From page 12 of Mr. Leffingwell's address I read another extract. I have just been trying to show the Senate how much of a burden of debt we have upon our people. Mr. Leffingwell makes this statement:

> The burden of debts had become unbearable.

This partner of J. Pierpont Morgan & Co. recognizes that truth; yet here in the Congress of the United States but few apparently recognize the truth of that statement.

From page 13 I quote again from Mr. Leffingwell:

> It seems to me clear that the way out of the depression is to combat and overcome the deflationary forces.

On page 14 Mr. Leffingwell makes this statement:

> The controlling principle, we now know, is that the sovereign, the state, has and must have control of its currency, and therefore all obligations payable in its currency, however express. This power it cannot abdicate or contract away. When the force of an overwhelming catastrophe compels a revaluation of its currency, as part of a plan of reorganization and recovery, it can and must in common honesty make that revaluation effective universally, without fear or favor, without preferring one creditor over another.

From page 16 I quote again from Mr. Leffingwell:

> The future technique of dollar revaluation should follow the course of an orthodox cheap money policy.

While here on the floor of the Senate we have Senators protesting against the cheaper money policy, Mr. Leffingwell, of the firm of J. P. Morgan & Co., makes the statement in times such as these that a cheaper money policy is advisable.

On page 17 Mr. Leffingwell says:

> Until the stimulus of cheap money raises prices—

I invite the attention of the distinguished Senator from Ohio [Mr. FESS] to this statement:

> Until the stimulus of cheap money raises prices, and restores a profit to business, so that business can reemploy labor and will have more taxes to pay on increased incomes.

I think that answers the questions propounded to me a moment ago by the distinguished senior Senator from Ohio.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. I understand Mr. Leffingwell was formerly connected with the Treasury Department. I do not know the exact position he held, but he held an important place in the Treasury Department. In addition to that, I think he was a Republican.

Mr. THOMAS of Oklahoma. I am glad to have the contribution. I am not personally acquainted with Mr. Leffingwell, but I so thoroughly agree with his address that I think he would be eligible to join another political party on the money question.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Ohio?

Mr. THOMAS of Oklahoma. I yield.

Mr. FESS. Mr. Leffingwell suggested that it would insure the employment of labor. Does the pending bill in any way insure the employment of labor? Can we be sure of that?

Mr. THOMAS of Oklahoma. I go back to Mr. Leffingwell's statement and read it again so there can be no misapprehension:

> Until the stimulus of cheap money raises prices and restores a profit to business so that business can reemploy labor and will have more taxes to pay on increased incomes.

That is the statement. I think it answers the question thoroughly.

From the same page I quote two more short excerpts from Mr. Leffingwell:

> The way to stop a deflation is to make money cheap.

I have been making speeches on the floor of the Senate for 3 or 4 years, making that same statement, trying to get the United States Senate to adopt a policy of cheap money, and Mr. Leffingwell comes along and admits that the policy is sound.

Again he said:

> That has been in course of being proved in England since 1931 and here since a year ago. That way will work. There is no other way.

Mr. WHEELER. Mr. President, will the Senator yield further?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. I invite the Senator's attention to the fact that in 1929, when we passed the Reconstruction Finance Corporation Act, it was for the purpose of expanding the credit of the country. Mr. Hoover adopted the policy of having the Federal Reserve Board buy Government bonds and more Government bonds, with the idea of creating credit inflation, the idea further being to cheapen the dollar. But all the time the banking houses in New York have been advocating a credit expansion when it was impossible, and it has been demonstrated that it was impossible under a credit inflation. The only way we can get inflation at this time is through the medium of expanding the currency.

Mr. THOMAS of Oklahoma. I appreciate the statement made by the distinguished Senator from Montana, and I agree with his conclusion 100 percent.

On page 17 Mr. Leffingwell made this significant statement:

> Cheap money opens the door to recovery.

I commend that to the attention of the distinguished senior Senator from Ohio.

On page 19 I quote the last excerpt from Mr. Leffingwell as follows:

> Going off the gold and the cheap-money policy were both necessary to meet a crisis of deflation and depression unexampled in the memory of living men and of world-wide incidence.

Mr. President, what is the reason why we have a silver bill before the Senate today? Why did the House of Representatives in past Congresses pass the bonus bill? Why did the House of Representatives a year ago or more pass the Goldsborough bill? Why did the House of Representatives at this session again pass the bonus bill? It passed the first Dies bill and it passed the second Dies bill.

Members of the House of Representatives come from close contact with the people of the United States. Members of the House of Representatives are supposed to speak the crystallized sentiment in their districts. If they misjudge the sentiment of their districts, there are likely to be new occupants in their seats in the next Congress. These men come to the Congress every 2 years direct from the people. Therefore, I assume that the Representatives in past Congresses and in this Congress voted for more money, because that is what the bonus bill provided; it provided for the payment of the balance due the ex-service men in money—new money, not with credit, not with checks, but with money.

The Dies bill provided that we should trade some of our surplus agricultural products for silver, place that silver in our Treasury and issue money against it, and place that money in circulation. The Goldsborough bill had the same object in view when it was passed in a former Congress. But notwithstanding, the House of Representatives has passed bill after bill providing for more money, providing for cheaper money, providing for higher prices; the Senate of the United States fails and refuses to act, as if money was controlled, like the sun, moon, and tide, through uncontrollable forces.

Mr. President, money is a man-made institution. Being man-made, it is man-controlled. The Senate of the United States apparently thinks that money, like the seasons, is controlled by a power over which we can exercise no influence.

For almost 5 years we have suffered the worst depression in history. While conditions have improved, America is still very ill. Our troubles are financial. To bring relief, we have temporized and experimented. We have increased taxes and increased appropriations. We have increased debts necessitating increased borrowings and bonds. At the very time that taxes, appropriations, borrowings, and bonds were being increased the managers of our financial policies were decreasing the volume of money until now money is unobtainable, credit is frozen, and our burden is becoming unendurable and unbearable.

As relief measures, we have recognized the law of supply and demand as controlling the value of every commodity save one—the commodity of money. We have restricted, curtailed, and destroyed cotton, corn, wheat, hogs, and oil to make such commodities scarcer and thereby dearer in value.

The same economic law which controls the value of commodities likewise controls the value of money.

To prove this theorem we have to revert only to the year 1920.

In that year we had ample currency, liberal credits, high prices, wide-spread employment, and consequent great prosperity.

In that year the managers of our financial policies decreed against such prosperity and ordered deflation of both currency and credit and the panic of 1921 was the inevitable result.

As I said, it is contended by some that money, like the sun, moon, and tides, is controlled by unchanging and unchangeable natural laws; hence any attempt to manage our currency or to influence or control our monetary policy constitutes tinkering with the currency.

It is self-evident that I do not subscribe to such doctrine. Money is a man-made device to encourage, promote, and facilitate commerce and trade.

Money and monetary policies, man-created, are subject to control, management, and manipulations; hence the kind of control and management is important, very important, to the people of our country.

The Federal Reserve Act was passed in 1913. This law was enacted in response to a demand for more money and an elastic currency system. When the new money law was passed we had only $3,400,000,000 in circulation. This was not enough basic money to satisfy the needs of business, and from 1913 to 1920 the Wilson administration increased the volume of currency to $6,200,000,000.

The year 1920 was a national campaign year and saw Franklin D. Roosevelt nominated for the Vice Presidency. In that campaign the party sponsoring Cox and Roosevelt was condemned as being responsible for the high cost of living. At that time wheat was selling for $2.50 per bushel; corn, $1.50 per bushel; cotton, 40 cents per pound; and other commodities were selling at comparable prices.

All remember the good times just after the World War, and with high prices there was a job for every worker and all forms of business were at the highest peak of activity.

In 1920 the war had been over for almost 2 years, and during this time 4,500,000 soldiers had returned from the front to reenter civilian life and to find places in business and jobs in industry.

In that year the opposition party, in its Chicago platform, declared that the reason prices were high was a "50-percent depreciation of the purchasing power of the dollar due to a gross expansion of our currency and credit." In other words, the Wilson administration was condemned for having made prices high by making money plentiful and credit easy.

In addition to condemning Mr. Roosevelt's party for its monetary policy and consequent high prices, the opposition party pledged itself to reduce the price of wheat, corn, cotton, and other commodities. The Chicago convention was frank in detailing the exact procedure to be followed in beating down the price level. The platform read:

We pledge ourselves to earnest and consistent attack upon the high cost of living * * * by courageous and intelligent deflation of overexpanded credit and currency * * *."

Thus the opposition party admitted that placing money in circulation had cheapened the dollar and that the depreciated dollar was responsible for the high prices. As a remedy the minority party declared for scarcer money, higher valued dollars, and lower prices. In the campaign scarcer money and lower prices won; and Mr. Roosevelt and Mr. Cox, his running mate, were defeated.

Immediately after the victors took over the Government, deflation of currency and credit was begun, and from March 4, 1921, to September 1, 1922, the actual currency in circulation was decreased from $6,200,000,000 to $4,390,000,000.

Thus, during the first 18 months of the new administration the sum of $1,800,000,000, or $100,000,000 per month of actual currency, was withdrawn from circulation.

The minority party in 1920 became the majority party in 1921, and thereafter made good its campaign pledge to deflate the currency. As the volume of money in circulation was reduced, prices fell, so that at the end of 18 months wheat was selling for $1 per bushel, cotton was selling for 20 cents per pound, and all other prices were reduced in proportion. The deflation of the currency and credit ruined agriculture first; then livestock, lumber, and mining industries followed the decline; and still later the smaller towns and cities suffered, and, with one-half our people impoverished, the 1929 crash came.

In view of the record stated, if the increase in the volume of money from 1913 to 1920 was responsible for a cheaper dollar and thereby higher prices, and if the policy promised in 1920 and carried out in 1921–22 of reducing the volume of money in circulation by approximately $1,800,000,000 had the effect of decreasing prices, is it illogical now to assume that an increase in the volume of money in circulation will have the effect of increasing the price of wheat, corn, cotton, livestock, and commodities in general?

One year ago the Congress, the policy-making branch of our Government, recognized and sought again to apply the law of supply and demand to money and credit by expanding both, to the end that money should be made more plentiful, and credit should be made more liberal.

This policy has been opposed and blocked by an influence more powerful than the Congress; and, as the result, recovery has been delayed and postponed, if not defeated.

With 10,000,000 of our citizens still unemployed, and in the midst of an expenditure of $10,000,000,000, we demand that the financial policy suggested and adopted 1 year ago be carried out.

We demand that our currency and credit be expanded. We are now seeking to use this silver bill as a means of expanding the currency of the Nation.

We demand that the value of the dollar be reduced to 100 cents.

To accomplish these ends, we suggest and recommend a wider use of silver as the base of our monetary system.

We do not suggest a wider use of silver to help silver, but rather we recommend that silver be used to help bring about the return of prosperity.

In 1900 the relation of silver to gold in our monetary base or reserves was over 50 percent, while today the amount of silver in relation to gold in token dollars is less than 11 percent, and in bullion value is less than 5 percent.

Since gold is out of circulation, we recommend that silver be substituted insofar as possible and practicable, to the end that at least 25 percent of our monetary reserves in value be accumulated and maintained in silver.

Mr. President, with this statement I hope we shall consider this measure, and, if it is possible to make a better bill out of it, that we shall make a better bill out of it. I think the bill can be improved by the addition of three amendments, which I have already stated:

First, make silver primary, basic, standard money.

Second, add a clarifying section providing that when we do buy silver, trade for silver, we shall issue silver certificates against such silver, and then see to it that those certificates are placed in actual circulation through meeting the maturing obligations of the Government.

Third, section 8 should be stricken from the bill. Section 8 is the taxing provision. In my judgment, section 8 will not bring any perceptible tax to the Federal Treasury. It will drive away from the Federal Treasury such taxes as we are now receiving from transactions on the exchange. In my opinion, section 8 will destroy the exchange and drive it to foreign lands.

For fear that I have not done so, I ask permission to insert in the RECORD some exhibits, one being a copy of the treaty negotiated at London by the distinguished author of this bill. I am not sure that this treaty appears in the RECORD. I think it should.

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). Without objection, the treaty will be printed in the RECORD.

Mr. THOMAS of Oklahoma. I offer that as an exhibit.

(See exhibit C.)

Mr. THOMAS of Oklahoma. Then I desire to read from a press release of the Department of State of date April 23, 1924, as follows:

Acting Secretary of State Phillips announced today that all of the parties to the silver agreement entered into at the London Monetary and Economic Conference have taken the steps necessary to put such agreement in force.

That means that in the case of the treaty negotiated by the distinguished Senator from Nevada [Mr. PITTMAN] at London, in which I understand 66 nations participated, each and all of the nations have taken the proper steps to endorse the treaty and make it a part of their monetary policy.

I desire to introduce in the RECORD a statement prepared by Dr. Goldenweiser, economist of the Federal Reserve Board, giving an analysis of the location of the silver now in existence in the world. The statement shows that there has been produced since the discovery of America 15,500,000,000 fine ounces of silver. That is all the silver that has been produced. Of this, we can account at the present time for less than 10,000,000,000 ounces. The balance has been used in the arts or has been lost or destroyed. Of the 10,000,000,000 ounces that we can account for, we find 4,700,000,000 ounces in British India; we find 2,500,000,000 ounces in China; the United States has almost 1,000,000,000 ounces. That makes over 8,000,000,000 ounces of silver held by the three great silver nations of India, China, and the United States. There is only about a billion ounces left in the world, according to this statement; so those who argue that the remonetization of silver will bring a great flood of the white metal to our shores are arguing from misinformation, judging from the facts as I can obtain them.

I ask permission to insert that table and the accompanying statements in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

EXHIBIT A

DISTRIBUTION OF SILVER STOCKS BY COUNTRIES

Information with regard to silver held in the various countries of the world is fragmentary and uncertain. Using estimates of Dr. Adolph Soetbeer up to 1885 and its own annual estimates thereafter, the Bureau of the Mint estimates that during the period 1493–1933 the aggregate world production of silver amounted to 15,500,000,000 fine ounces. Two-thirds of this has been produced since 1860. An appreciable amount of the silver produced has been lost or converted into uses from which it can never be recovered, e.g., chemical uses. The available world total today is unquestionably less than 15,000,000,000 ounces; but how much less it is impossible to state with any precision.

In the table below certain data has been brought together with a view to showing the distribution of about 9,400,000,000 ounces, for which information or a basis of estimate has been found.

Data on silver stocks by countries

[In millions of ounces]

Country	Date	Estimated stock of silver in coin, bullion holdings, jewelry, and other articles	Estimated speculative holdings of bullion	Total stock of coin	Net coinage 1900–1932
British India	December 1933	4,700			
China	December 1930	2,500			
United States	February 1934		175	635	
Germany	December 1932				181
Mexico	do				169
Russia	do				167
Spain	1933			134	
Japan	December 1932				131
Austria-Hungary	do				123
Indo-China	do				118
United Kingdom	do		20		71
Siam				53	
France	December 1932				50
Persia	do				47
Italy	December 1931			44	
Netherlands	do			31	
Canada	do			17	
Australia	December 1932				15
Total		7,200	195	914	1,072

Combining the figures on these several bases—incomplete as they are—gives a total figure of about 9,400,000,000 ounces. All the important silver-using countries appear to be represented in the table; but it is possible that the aggregate figure derived from the table would be raised by another 1,000,000,000 ounces if the returns for monetary silver were complete. This would leave perhaps 4,500,000,000 ounces of the silver mined since 1493 to represent silver employed in jewelry, silverware, and other commercial uses outside India and China. Detailed estimates by the Bureau of the Mint indicate that the net industrial consumption of silver in the United States for the period 1880–1932 was 865,000,000 ounces.

SOURCES OF DATA

Complete estimates are available only for India and China—the two outstanding silver-holding countries. The figure for India is based upon an estimate in 1919 by G. Findlay Shirras, director of statistics with the Government of India. This estimate has been brought down to date by adding net imports and production of silver in India since that time. At the end of December 1933 the Indian Government held 348,000,000 ounces of silver. This is included in the total.

The estimate for China is one by E. Kann published in the Chinese Economic Journal for April 1931. The estimate evidently applies to the end of the year 1930 and is given in detail for various types of monetary silver, the aggregate figure amounting to 1,700,000,000 ounces. This appears to be consistent with comprehensive data on coinage covering the period 1891–1928 compiled by the Chinese Bureau of Statistics from figures furnished by the Ministry of Finance. The difference between the figure of 1,700,000,000 ounces for monetary silver and the figure of 2,500,000,000 ounces shown in the table represents Kann's best guess as to the probable amount of silver hoarded in China or employed for ornamental and household purposes.

Figures for other countries in the table are incomplete. Those for the United States show (1), silver contained in the total stock of silver coins of the country at the end of February 1934, and (2) an estimate of bullion holdings in New York reported in Handy & Harman's Annual Review of the Silver Market (1933), presumably as of the end of the year 1933. The Review also reports an estimate of silver bullion holdings in London as of the same date.

For Spain the basis is an estimate of the total stock of silver coin reported in a bulletin of the Department of Commerce entitled "The Monetary Use of Silver in 1933." Nearly two-thirds of the monetary silver stock as estimated is reported in the balance sheet of the Bank of Spain.

For four other countries (Siam, Italy, Netherlands, and Canada) the total monetary silver stock as reported in the 1933 annual report of the Director of the Mint in terms of dollars is used as the basis. The dollar figures are converted back into the respective national units and the amount of silver is compiled on the basis of the silver content of the current coins. This method involves some understatement since all four countries have reduced the fineness of their current issues of silver coins in the post-war period. Hence such old coins as may remain in circulation contain more silver than the estimate indicates.

For 10 other countries (Germany, Mexico, Russia, Japan, Austria-Hungary, Indo-China, the United Kingdom, France, Persia, and Australia) net coinage in the period of 1930–32 is shown. This is based upon data of coin issued and withdrawn as published in the annual reports of the Director of the Mint. It gives some indication of the present stock of coin in the 10 countries, although it omits coinage previous to 1900 and is, therefore, far from complete.

EXHIBIT B

[Extracts from the book, The Internal Debts of the United States, edited by Evans Clark]

In considering these two possible steps aimed to further recovery, the expansion of money, and public works, it must be kept in mind that one of the immediate objectives of action must be to repair the damage done to the country's economy by the bank liquidation of 1931–32 and by the failure of some of the banks to be reopened after the bank holiday. In the drastic bank liquidation of 1931–32 the money of the country, chiefly deposits in commercial banks, was reduced over $10,000,000,000, though the supply of money necessary to maintain the then existing level of prices and production does not appear likely to have suffered any such tremendous decline. The money stock of the country has been further reduced by several billion dollars as banks have remained closed after the bank holiday. Altogether the volume of money has thus been seriously contracted—presumably without any fully corresponding reduction in the country's money needs.

NOTE.—"Money needs" is here used as a convenient term to refer to the amount of money which is needed to support a given level of prices and production. Presumably this amount fluctuates from a variety of causes as the desirability of holding wealth in the form of money rather than in the form of goods or securities fluctuates with changing conditions: More at Christmas time and in the crop-moving period, less as fears of inflation reduce the desirability of holding individual wealth in the form of money, more as interest rates drop and wealth in the form of securities becomes less advantageous, less as a rising interest rate shifts the relative advantage of holding wealth in the form of money and of holding wealth in the form of high yielding call loans or other safe assets in favor of the latter. It should be noted that the money needs of the country relate to a particular level of prices and production. It is assumed that if, with the level of prices and production remaining constant, a drop in the desirability of holding money at that level occurs—as for instance from an extensive fear of inflation—then, the effort will be made to convert part of the wealth held in the form of money into goods or securities thus tending to increase both prices in the areas where prices are highly flexible and the volume of production in the areas where prices tend to be inflexible.

If the volume of money remains constant, prices and production presumably increase until a new relation between prices, production, and income has been established such that the demand for wealth in the form of money is equal to the supply. In a similar manner, if the effective desire to hold wealth in the form of money were to remain constant over a period of time while the volume of money was markedly reduced, say by bank liquidation, and if, at the initial level of prices and production, there was a balanced adjustment between the advantages of holding wealth in the form of money and in the form of goods or securities, then with the reduction in the supply of money, the adjustment would be deranged and a balance would only be reestablished at a lower level of prices and production unless other influences intervened. It is assumed here that a balance must be maintained between the advantages of holding wealth in the form of money and holding it in any other form into which it can be converted at the existing prices.

To correct this inequality between the supply of money and the need for money if prices and production are to be supported on a reasonable basis, it would seem that either the supply must be increased or the need for money reduced, or a combination of both. The departure of this country from the gold standard and the extensive discussions of uncontrolled inflation have undoubtedly brought some reduction in the country's need for money as person after person has converted part of his money holdings into goods or securities. It is possible, though improbable, that further talk of inflation and the taking of initial steps to increase the volume of money may of themselves cause people to prefer to hold less money and thereby reduce the need for money to the point at which the supply is adequate to support a higher level of prices and production without further increase. Presumably an extensive decrease in the desire to hold money would result in additional expenditures on goods and securities, thereby bringing about an extensive rise in prices of those commodities and securities whose prices are highly flexible, with a general increase in business activity in the areas where prices are relatively inflexible.

More probably the talk of inflation will not reduce the country's need for money to a point low enough to induce an important measure of recovery, and the deficiency of money must be made good through the expansion of bank deposits or the issue of notes if extensive recovery is to be brought about. Action to increase the volume of money in the community is therefore recommended, but subject to reversal in case of an inordinately rapid rise in prices and business activity resulting from the mere discussion of inflation.

There are a variety of ways whereby the money stock of the country could be increased, certain of which have been mentioned in the chapter on bank debt. In selecting among them two objectives should be sought: First, that method should be employed which makes the newly created money most effective in reviving employment. To this end we recommend that the new money, whether created as a result of the extension of bank credit or through the limited operations of the printing press, be expended in the furtherance of public works or other projects aimed at unemployment relief. This would place much of the newly created money in the hands of individuals likely to spend it directly in the purchase of goods.

The second and perhaps equally important consideration in selecting the method of adding to the money stock of the country is that the process should be promptly reversible. In order to effect a controlled expansion it is essential that the Government be able to bring about a withdrawal of money from circulation. (Note: Where the money has been put into circulation through Government expenditure it should be withdrawn by sale of bonds to individuals and institutions other than banks or by the less flexible process of taxation) if the changed business outlook should lead to an important expansion of bank credit (with the corresponding creation of money) quite apart from, or perhaps as a further product of, the Government's action in adding to the money stock.

Just how extensive an increase in the volume of money is required to bring about a substantial recovery is a matter which can be determined only as the expansion process is set in motion. That such an expansion program is justified under the circumstances seems clear. Therefore, unless prices rise very much further and business activity greatly increases as a result of the fear of inflation, we recommend that the Government take steps to increase the volume of money outstanding in a manner to place purchasing power in the hands of those able and willing to expend it and that this expansion of money be accomplished in a manner capable of immediate reversal so as to maintain the fullest possible control in the hands of the Government.

EXHIBIT C

Agreement negotiated by Senator KEY PITTMAN on behalf of the delegation of the United States, also including resolution presented by Senator PITTMAN on behalf of the delegation and unanimously adopted by the 66 Governments represented. (As London Conference was called by the League of Nations and held under their auspices, no resolution could be adopted except by unanimous consent.)

Memorandum of heads of agreement entered into by the delegates of India, China, and Spain as holders of large stocks or users of silver, and of Australia, Canada, the United States, Mexico, and Peru as principal producers of silver, at the Monetary and Economic Conference held in London, July 1933.

Whereas at a meeting of the subcommission II (permanent measures) of the monetary and financial commission of the Monetary and Economic Conference held on Thursday, July 20, 1933, the following resolution was unanimously adopted:

"Be it resolved to recommend to all the governments parties to this conference:

"(a) That an agreement be sought between the chief silver-producing countries and those countries which are the largest holders or users of silver with a view to mitigating fluctuations in the price of silver; and that the other nations not parties to this agreement should refrain from measures which could appreciably affect the silver market.

"(b) That the governments parties to this conference shall refrain from new legislative measures which would involve further debasement of their silver coinage below a fineness of 800/1000.

"(c) That they shall substitute silver coins for low-value paper currency insofar as the budgetary and local conditions of each country will permit;

"(d) That all of the provisions of this resolution are subject to the following exceptions and limitations;

"The requirements of such provisions shall lapse on April 1, 1934, if the agreement recommended in paragraph (a) does not come into force by that date, and in no case shall extend beyond January 1, 1938;

"Governments may take any action relative to their silver coinage that they may deem necessary to prevent the flight or destruction of their silver coinage by reason of a rise in the bullion price of the silver content of their coin above the nominal or parity value of such silver coin"; and

Whereas the Governments of India and Spain may desire to sell certain portions of their silver holdings, and it will be to their advantage that the countries which are large producers of silver should absorb silver as herein provided, to offset such sales; and

Whereas it is to the advantage of the large producing countries named in article 2 that the sales of silver from monetary stocks be limited as herein provided; and

Whereas it is to the advantage of China that sales from monetary stocks of silver be offset by purchases as herein provided, with a view to its effective stabilization;

Now, therefore, it is agreed between the parties hereto:

1. (a) That the Government of India shall not dispose by sale of more than 140,000,000 fine ounces of silver during a period of 4 years, commencing with January 1, 1934. The disposals during each calendar year of the said 4-year period shall be based on an average of 35,000,000 fine ounces per year, it being understood, however, that if in any year the Government of India shall not dispose of 35,000,000 fine ounces the difference between the amount actually disposed of and 35,000,000 fine ounces may be added as additional disposals in subsequent years: *Provided further*, That the maximum amount disposed of in any year shall be limited to 50,000,000 fine ounces.

(b) Notwithstanding anything previously stated in this article, it is understood that if the Government of India should after the date of this agreement sell silver to any government for the purpose of transfer to the United States Government in payment of war debts such silver shall be excluded from the scope of this agreement.

(c) *Provided, however*, That when the total of the disposals referred to in paragraph (a) above plus sales referred to in paragraph (b) above by the Government of India under this agreement shall amount to 175,000,000 fine ounces the obligation of the parties hereto shall cease.

2. That the Governments of Australia, Canada, the United States, Mexico, and Peru, during the existence of this agreement, shall not sell any silver, and shall also in the aggregate purchase, or otherwise arrange for withdrawing from the market 35,000,000 fine ounces of silver from the mine production of such countries in each calendar year for a period of 4 years commencing with the calendar year 1934. The said Governments undertake to settle by agreement the share in the said 35,000,000 fine ounces which each of them shall purchase or cause to be withdrawn.

3. That the silver purchased or withdrawn in accordance with article 2 above shall be used for currency purposes (either for coinage or for currency reserves), or be otherwise retained from sale during said period of 4 years.

4. That the Government of China shall not sell silver resulting from demonetized coins for a period of 4 calendar years commencing January 1, 1934.

5. That the Government of Spain shall not dispose by sale of more than 20,000,000 fine ounces of silver during a period of 4 years commencing with January 1, 1934. The disposals during each calendar year of the said 4-year period shall be based on an average of 5,000,000 fine ounces per year; it being understood, however, that if in any year the Government of Spain shall not dispose of 5,000,000 fine ounces, the difference between the amount actually disposed of and 5,000,000 fine ounces may be added as additional disposals in subsequent years; provided further, that the maximum amount disposed of in any year shall be limited to 7,000,000 fine ounces.

6. That the Governments concerned will exchange all such information as may be necessary with regard to the measures to fulfill the provisions of this memorandum of agreement.

7. That it is understood that, subject to the provisions of article 8, the undertakings of each party to the present memorandum of agreement are conditional upon the fulfillment of the undertakings of every other party thereto.

8. That this memorandum of agreement is subject to ratification by the governments concerned. The instruments of ratification shall be deposited not later than the 1st of April 1934, with the Government of the United States. It shall come into force as soon as the ratifications of all the governments concerned are received, provided that all the ratifications are received before the 1st of April 1934. A notice by any government that the affirmative action necessary to carry out the purposes of this agreement has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments enumerated in article 2 fail to ratify by the 1st of April 1934, the agreement shall come into force at that date, if the other governments mentioned in article 2 which have ratified notify the other governments which ratify that they are prepared to purchase, or cause to be withdrawn, in the aggregate the amount of silver mentioned in article 2. The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement.

In witness whereof the undersigned have signed the present memorandum of agreement.

Done at London this 22d day of July 1933, in a single copy which shall be deposited in the archives of the Government of the United States.

S. M. BRUCE,
Delegate of Australia.
EDGAR M. RHODES,
Delegate of Canada.
W. W. YEN,
Delegate of China.
KEY PITTMAN,
Delegate of United States of America.
GEORGE SCHUSTER,
Delegate of India.
EDUARDO SUAREZ,
Delegate of Mexico.
F. TUDELA,
Delegate of Peru.
L. NICOLAU d' OLWER,
Delegate of Spain.

Mr. PITTMAN. Mr. President, I understand that our leader, the Senator from Arkansas [Mr. ROBINSON] desires to have a short executive session. Prior to that I wish to say that some fear has been expressed that the able Senator from Oklahoma has been filibustering. I take this opportunity to say that I have denied that all the time; and, in addition to that, I take great pleasure in declaring that I think he has made one of the ablest and most complete speeches delivered in this body, and that the matter he has gathered together, the data, the statistics which are uncontradictable, will be of great value in this discussion.

The fact that I may not agree that many of the Senator's suggestions will accomplish the purpose which he thinks they will accomplish does not mean in any sense whatever that I have the less respect for anything he has said in this connection. Perhaps what he has suggested is correct. Perhaps it is not. His judgment of the matter probably is just as good as mine, if not better.

I simply desire, as one of those having charge of this bill, to thank the Senator for having abbreviated his splendid speech just as much as he could abbreviate it.

(During the delivery of the speech of Mr. THOMAS of Oklahoma:)

Mr. McNARY. Mr. President, in view of the fact that the Senator from New Jersey [Mr. BARBOUR] must be absent during the afternoon, will the Senator from Oklahoma yield to enable that Senator to submit a few brief remarks, with the understanding that the Senator from Oklahoma shall not lose the floor?

Mr. THOMAS of Oklahoma. I am anxious to conclude the remarks I have to make. However, if it will be agreeable to the Senate to have the Senator from New Jersey address the Senate and his remarks appear at the close of my speech, and if I may be permitted to resume the floor at the conclusion of his remarks, I am willing to yield.

Mr. McNARY. Let it be understood that at the conclusion of the remarks of the Senator from New Jersey the Senator from Oklahoma is to have the floor.

Mr. THOMAS of Oklahoma. With that understanding I yield at this time to the Senator from New Jersey.

The PRESIDING OFFICER. At the conclusion of the remarks of the Senator from New Jersey the Senator from Oklahoma will be recognized.

Mr. BARBOUR. Mr. President, it is most difficult to find any particular economic reason for silver legislation such as is presented in the bill now before the Senate, unless, as the Democratic New York World-Telegram said recently, it is a political gesture forced by a Congressional bloc—which, if so, is obviously a dangerous basis on which to determine any monetary policy. In other words, excepting for the fact that we are adding one more cause for uncertainty and fear to the present business situation, despite the fact the proponents of the bill declare that the measure is designed to broaden the metallic base of our monetary system, and is to remedy a maladjustment of our currency, there is no immediate danger in this new silver proposal itself, unless, of course, it is materially amended. I say this, estimating danger in terms of prospective early debasement of our monetary standard and depreciation of our currency, with the consequent effects on values and prices.

It is difficult for me to understand why we should seek to broaden the metallic base of our monetary system when the devaluation of the dollar has already given the country a gold reserve of unprecedented size and greater apparently than our monetary needs in this respect; when it is borne in mind that the mere amount of money is not the controlling factor and that the mobility of a sufficient currency is certainly the all-important thing.

It is difficult for me also to understand why we should seek to remedy a maladjustment of our currency when that maladjustment seems to be in the diversity of paper money now outstanding by adding to this paper money a large amount of additional silver certificates as provided for in the pending bill.

It is admitted that the provisions of the bill, if carried out, would make it necessary for the United States to purchase silver abroad and, obviously, such silver must be paid for in gold. Foreign speculators, accordingly, would buy silver with their currency, send the silver to the United States, and receive dollars. Having no use for dollars, the speculators would obviously demand gold from the United States Treasury for shipment abroad and, once more, make effective the economic laws of not only supply and demand, but that bad money drives out good money. I want to add that, of course, while the Treasury would not authorize shipments of gold except to countries on the gold standard, it must be borne in mind that, for instance, Dutch and French speculators anyway would be keenly alive to their opportunities.

I do not believe anyone anticipates that the actual administration of this measure will increase commodity prices, because it must be obvious that the theory that, by adding silver to our gold reserve, prices will be raised automatically, is false. The administration's experience in manipulating gold prices certainly is sufficient to demonstrate the futility of such operations.

In other words, since this legislation will neither stabilize nor lift prices, nor can increase the earning power of our citizens, the bill seems chiefly to be a subsidy to silver owners and prospective owners, despite any suggestions in the measure apparently designed to prevent silver owners from benefitting directly.

The chief danger, therefore, of this new silver proposal at the moment is psychological, as I see it, in that it contributes to the paralysis of business and financial confidence resulting from doubt about the value of the future dollar, for certainly this proposal interjects into this state of doubt a fresh element of uncertainty as to the nature of the future dollar, as well as uncertainty as to its future value.

The proposed measure, therefore, is simply another and, I think, glaring example of the effort on the part of the administration to increase its general powers in a new field, while the going is good on the one hand, and evidences again, on the other, a step away from any definite national program under bloc pressure.

I am forced, therefore, to the conclusion that the New York World-Telegram has hit the nail on the head when it referred to the present proposal as a political gesture and a dangerous one, and I ask unanimous consent thus, at the conclusion of my remarks, to have printed this editorial and also a recent editorial from the Newark (N.J.) Evening News.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York World-Telegram, May 23, 1934]

POLITICAL SILVER—AN EDITORIAL

There won't be many cheers for the President's silver message. It looks like "a political gesture forced by a congressional bloc." That is a dangerous method of determining monetary policy. At best it may add another factor of uncertainty and fear in a business situation which needs confidence and certainty. At worst it could lead to a destructive inflation, in which most citizens, especially working people, would suffer and only speculators would profit.

Insofar as the Roosevelt plan—if such a forced gesture can be given the Roosevelt name—encourages negotiations for international use of silver with gold as a monetary base it is intelligent. There is little reason to doubt that some form of symmetalism, say at the suggested ratio of 75-percent gold and 25-percent silver for reserves, would be a much more workable system than the old gold standard, provided the other major nations would agree to it. But that is the rub. No such agreement is in prospect. And for us alone to attempt such a system, in monetary conflict with the rest of the world, would add to international confusion and might be exceedingly risky here at home.

We believe that the monetary problem is important but not the principal factor in recovery; it is secondary to fundamental economic causes and cures. It is insidious because it relies on dope instead of an operation to cure a surgical case.

The idea that the Government can cure the depression by control and arbitrary manipulation of the price of gold and silver has been disproved by the last 6 months of experiment in this country.

The related idea of the silver extremists that more currency and credit are the key to recovery ignores all the facts. The job is not to get more currency and credit but to put into use that which we have.

The problem is to get that money into the hands of the people—to the farmer in better prices for his products and to the city worker in the form of wages—to restore purchasing power. Already Federal Reserve member banks hold funds on which they can expand credit from an estimated $16,000,000,000 to $24,000,000,000. Many experts fear that our excess credit reserves already have become so vast that a break in the reservoir might carry us into a speculative flood that would destroy us.

James Harvey Rogers, the administration's monetary specialist, testified that the gold devaluation law would create a reserve "the utilization of which constitutes a direct inflationary influence of the first magnitude." Estimates place this theoretically possible expansion as high as $200,000,000,000. Even if the figure is only one-quarter of that, it is dangerously high.

Fortunately the administration to date has done nothing to indicate that it desires to go on any such inflationary debauch.

And that is why most observers believe that the President does not want a larger silver-inflation edict.

Under the circumstances it is to be hoped that the President will insist that the proposed silver plan shall remain discretionary with him rather than mandatory, and that he will not establish a fused silver-gold or symmetallic base unless and until there is the desired international stabilization on that basis. Perhaps that is the intent of the President's not-too-clear message to Congress and of the bill introduced yesterday.

[From the Newark (N.J.) Evening News, May 24, 1934]

TIME FOR FIRMNESS

The President has not enhanced his reputation for firmness by his handling of the silver issue. It may be his action, dictated obviously by political rather than economic considerations, has neatly sidetracked the silver bloc. But he did reverse his earlier stand that no silver legislation was needed at this session. And that fact is not altered by his employment in the message of "ultimate", twice used, "ultimately", and "eventually." These words show he has no intention of being hurried into doing something for silver, but do not hide the fact that he compromised with the silver bloc.

Is this the Roosevelt who, returning from a vacation in southern waters, could not wait to leave the train before saying to his congressional welcomers, "I'm a tough guy!"?

When, rather than face a fight he easily could have won, Mr. Roosevelt withdrew the nomination of the eminently qualified Dr. Thorp to be Chief of the Bureau of Foreign and Domestic Commerce, he forgot the lessons he said he had learned from the voracious barracuda. The savagery he claimed to have acquired from the sharks was little in evidence when, accused of trying to sway congressional conferees on the stock-exchange bill, he declared he had not meant to do so in expressing a desire to have the Federal Trade Commission do the regulating.

The President's wish, which coincides with the country's, to get Congress away in reasonably good humor as early as possible is entirely understandable. But if early adjournment is to be had at the price of a series of Presidential backings and fillings, then that price is too great to pay.

It may be the President's recent actions conform to a specific line of conduct he has laid out. They would be understandable if they were part of a Napoleonic strategy the President has in mind. No evidence, however, is visible of such a general plan or that each act does not stand by itself. There comes a time when leadership must take a definite position and fight. In the case of Mr. Roosevelt that is inescapable, and the time is near.

Mr. BARBOUR. I thank the Senator from Oklahoma very much; and, as he has suggested, my remarks of course should follow his. I am grateful to the Senator.

Mr. METCALF. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I am glad to yield to the Senator if it be agreeable to the Senate.

Mr. METCALF. Mr. President, during the campaign of 1932 the Democratic candidate for the Presidency said:

> Far up in the Northwest, at Butte, I repeated the pledge of the platform, saying: "Sound currency must be maintained at all hazards." In Seattle I reaffirmed my attitude on this question. The thing has been said, therefore, in plain English three times in my speeches. It is stated without qualification in the platform and I have announced my unqualified acceptance of that platform.

During the past 18 months the people of the United States have been hoping for a sound currency. Now comes the silver bill, and in the accompanying message the inflation accomplishments are described as "a long step forward, but only a step."

If anything can contribute to a maladjustment in our currency, it is doubt as to what the value of the dollar will be tomorrow, and not what the value of the dollar is today. We have repudiated our gold contracts and debased the dollar. Now we propose further to dissolve that dollar in a caldron of silver.

Sound money means money with a stable and dependable value. America cannot do business when it does not know what the value of the dollar will be in the near or remote future. Hence, business pauses and lags when inflationary movements are in the air. It will continue to do so until we have a stabilized dollar that will bring confidence. Confidence is the pressing necessity. There is no business man in the country who today has the slightest idea what the true basis of the dollar will be in a day or a year from now.

If this bill is only another step, how can any man have hope for the future investment of his funds? The need is not for more currency. The banks are full of money belonging to depositors. It cannot be loaned until confidence has been returned, whether we treble or quadruple the number of certificates in circulation.

The money tinkerers are engaging in the great game of trial and error. Unfortunately, it is the people who have their savings in life-insurance policies and mortgages and Liberty bonds who will be hurt. At the beginning of the war every bank, every corporation, and every citizen was urged, on the ground of patriotism, to loan to the Government every cent he could find, and accept Liberty bonds. The Government entered into a contract with the people to pay in dollars of a certain gold value. The banks of the country have held these bonds as a safeguard to the money of their depositors. Banks certainly do not hold them to make money for their stockholders.

During the 1932 campaign the cry of the victors was that a government should have a balanced budget, sufficient funds to retire Government obligations, and a sound money system. A balanced budget has not been created, but two budgets have been set up instead, one so topheavy that it already endangers the whole credit of the Nation. Government debts are being repaid by repudiation, and the sound money system which has been promised is as much in the air as ever.

It is my opinion that any maladjustment of the currency is the result of two things: First, the irrational public speculation prior to 1929; and, second, the jigsaw meanderings of the money tinkerers in this administration. The latter seem to think that we can subtract gold from the dollar, pour in an amount of silver, stir up the potion, lock it up in a vault, issue great masses of paper on the strength of it, and the result will be prosperity. The actual effect of this potion will be to throw a heavier fog of doubt over the economic interests of the country. This doubt will be prolonged as long as we continue to tinker with our currency system.

The wage earner suffers from every new inflation scheme. We must all do our best to see that they do not suffer. When we make two dollars out of one, we cannot, by any stretch of the imagination, make them buy twice as much as before. If this could be done, the tinkerers would long ago have created prosperity overnight. Similarly, we cannot expect to do orderly domestic or international business by two standards of value any more than we can make practical two standards of time.

I wonder what is back of this silver bill. Is it a sincere effort to correct a maladjustment of the currency or an effort to correct a maladjustment in the price of silver? Are there speculators in silver who are pushing this bill?

Has the administration discovered that it can maintain the credit of the United States and borrow money for its squanderings only by cheapening the medium with which debts are paid? We are now trying to correct it by further squanderings and lessen the price through the sheer power of the Government to take advantage of its creditors.

Silver is silver, and gold is gold, regardless of how many printing presses may run overtime to expand the dollars they are alleged to represent. A dollar is worth no more than the bread it will buy, and wages are useful only insofar as they provide the necessities of life. When we tinker with these things we are tinkering with something fundamental in our social and economic structure. This we should leave alone, for the doubt which we cast over the country cannot be dispelled until we have done so. This bill is a grant of power rather than a definite and firm move toward currency adjustment, and the use of power to tamper with the currency will depend upon the unreliable whims of the "brain trusters." Even if the powers granted to the Executive are not exercised, the very presence of these powers in an administration constantly vacillating in its policies will try to the breaking point the very nerves of our whole industrial system.

The time has come to call a halt, both in the matter of tinkering with our money and in the matter of squandering it; and what is most important, we should cease our moves toward giving almost absolute power to the Executive, as he should be charged only with the administration of the acts of Congress. How can Senators who have opposed the abdication of legislative power vote for another bill which takes away a little more congressional responsibility?

I thank the Senator from Oklahoma for yielding to me.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). The Senator from Oklahoma has the floor.

Mr. LONG. Will the Senator yield to me?

Mr. THOMAS of Oklahoma. I shall be glad to conform to the wish of the Senate. I desire to complete my remarks so that they will appear in somewhat connected form. If these addresses will appear in the RECORD after I finish my remarks, I have no objection, if it is agreeable to the Senate, to yielding in order to accommodate the Senator.

Mr. McCARRAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Reynolds
Ashurst	Couzens	Keyes	Robinson, Ark.
Austin	Cutting	King	Russell
Bachman	Davis	La Follette	Schall
Bailey	Dickinson	Lewis	Sheppard
Bankhead	Dieterich	Logan	Shipstead
Barbour	Dill	Lonergan	Smith
Barkley	Duffy	Long	Steiwer
Black	Erickson	McCarran	Stephens
Bone	Fess	McGill	Thomas, Okla.
Borah	Fletcher	McKellar	Thomas, Utah
Brown	Frazier	McNary	Thompson
Bulkley	George	Metcalf	Townsend
Bulow	Gibson	Murphy	Tydings
Byrd	Glass	Neely	Vandenberg
Byrnes	Goldsborough	Norbeck	Van Nuys
Capper	Gore	Norris	Wagner
Caraway	Hale	Nye	Walcott
Carey	Harrison	O'Mahoney	Walsh
Clark	Hatch	Overton	Wheeler
Connally	Hatfield	Patterson	White
Coolidge	Hayden	Pittman	
Johnson	Copeland	Pope	

The PRESIDING OFFICER. Ninety Senators having answered to their names, there is a quorum present.

THE NEW DEAL

Mr. HATFIELD. Mr. President, will the Senator from Oklahoma yield to enable me to make a very brief statement and to have an article printed in the RECORD?

Mr. THOMAS of Oklahoma. With the same understanding as in the case of the Senator from New Jersey [Mr. BARBOUR], I am glad to yield to the Senator from West Virginia.

Mr. HATFIELD. I thank the Senator. Mr. President, one of the outstanding newspaper publishers of our country, a successful business man, interested in many industrial activities, one who employs by preference organized labor in all his plants, the Honorable H. C. Ogden, of my State of West Virginia, has recently made and published in the Wheeling Intelligencer of May 23, 1934, an analysis of new-deal legislation, which I ask to have inserted in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wheeling Intelligencer, May 23, 1934]

WHAT THE NEW DEAL HAS DONE FOR THE AMERICAN PEOPLE

The time has come, in the judgment of this newspaper, to speak plainly about public affairs in the United States. No good purpose is to be served by refusing to look the facts in the face. Nothing is to be gained by clinging to blind faith in a promise.

Fifteen months ago the new deal was introduced to the American people. It was the agency which was to lead us out of the valley of depression. It was to be all things to all men in a material way. It was to solve our every economic problem.

What are the accomplishments as weighed against these glittering promises?

The new deal has been an uninterrupted record of experiment, of grabbing at every nostrum promising some partisan political advantage or some artificial, fleeting relief from business depression.

First, there was the N.R.A. itself, loudly heralded as the means of returning 4,000,000 idle men to regular employment. The National Recovery Act and its ambitious program were accepted by the American people as nothing had been accepted since the Liberty Loan efforts. Due to the intense campaign of propaganda, which surpassed any undertaking of its kind in the history of the Nation, and the naturally receptive frame of the public mind, the Recovery Act was given unparalleled public support. It was embraced by many who doubted its efficacy but who hoped for the best and who were willing to try anything. The N.R.A. failed miserably. It is questionable if any considerable number of men were returned to regular employment at all through its operations. Indeed, there is evidence to support the belief that it actually retarded reemployment. It created fear and uncertainty among employers, stirred up employee strife, and resulted in a greater loss of time and money through labor troubles than any other agency ever set in motion by the Government of the United States.

Moreover, it has established a great army of officeholders, living off the public, and extending its tentacles into every State, every county, and every community in the land. The N.R.A. alone is responsible for a public pay roll—in addition to the regular pay roll—representing a greater cash outlay than that required for both Houses of Congress, all their attachés, and the entire Department of Justice. Finally, it has proven a depressing and disheartening influence upon small business enterprise, has strengthened the hand of monopoly, and has increased the cost of living.

Next came the A.A.A. Here was an agency that promised to raise the farm price of agricultural commodities without increasing the consumer cost. Starting out thus with an absurd assignment, the Agricultural Adjustment Administration at once began taking absurd steps to reach the goal. The slaughter of millions of marketable hogs and of more millions of unborn pigs; the ploughing under of 10,000,000 acres of cotton; the rental of millions of acres of wheat and corn land for the purpose of curtailing production and thus increasing prices will stand, undoubtedly, as the great governmental folly of history. This deliberate and costly restriction of agricultural output on the theory that a country can grow rich and prosperous by failure or refusal to produce wealth has no parallel in the annals of this or of any other land. On the absurdity of this proposition, we can do no better than quote from Representative BUSBY, of Mississippi:

"If destruction makes prosperity, there was enough property destroyed in the World War to bring prosperity to all nations for a generation to come."

A kindred folly was the C.W.A. Brought into being in recognition of the failure of the N.R.A., the Civil Works Administration was set up for the frank purpose of creating, of manufacturing, employment. The N.R.A. failed to return men to the normal pursuits of life, so the Government set about the manufacture of work. The vast sum of more than $3,000,000,000 was spent by this agency in 4 months' time in the hopeless enterprise of compelling business revival.

For the first time in history, the Federal Government became the guardian of the people, not only against the operation of economic laws, but against their own folly as well. It is only necessary to remember back to the winters of 1932 and 1933, before the days of the C.W.A., before acceptance of the theory that direct relief work is the business of the Government, to realize that this great waste was wholly unnecessary. We know now that no man, woman, or child starved. Local relief agencies, private contributions, met the situation then as they always had met it before. Every need was filled. Food and shelter and clothing were furnished those who were without them, without one dollar of Federal money having been spent in the endeavor. Why, then, the necessity of dumping $3,000,000,000 of public money into direct relief work in 1934? Why the gigantic fiction of pretending the "projects" in which C.W.A. workers were employed were necessary public improvements?

The operation of the Civil Works Administration represented the most extravagant spending spree of its kind in the world's history. It created in this country a vast army of dependents, each educated to the theory that it is the duty of the Government to provide a living for him, whether or not he does anything to earn a living for himself. And worst of all, perhaps, it destroyed the system of local charity built up in this country during the past 50 years. When all this folly is of the past, when people inevitably return to a realization that the Government can't do what they have been led to expect of it, we will have to start all over again building up our private relief agencies. In the meantime, many unfortunates actually needing and meriting assistance will undoubtedly be overlooked.

In October of last year, President Roosevelt in a radio address, announced the administration's program for debasement of the dollar. And in due time, the gold value of the dollar was fixed at 59.6 cents, as compared with the 100-cent value of the old dollar. The justification for this breach of public faith was the expectation that it would increase prices, farm prices in particular, and thus hasten recovery.

We have had 7 months of the debased dollar now, and the only increase in farm prices has been that brought about by the drought. Before drought damage or threat appeared, on March 1, for example, wheat, corn, potatoes, and cattle sold at lower figures than the prices prevailing on the day dollar debasement was announced. The failure of the cheapened dollar to produce the desired results has been one of the greatest tragedies of the President's program.

The banking record presents another interesting field of inquiry. The other day J. F. P. O'Connor, Comptroller of the Currency, publicly proclaimed the glad tidings that no bank had failed in the United States since the opening of 1934. This was stated with great pride, as proof of the soundness of the Roosevelt program.

While it is not true that there have been no bank failures since January 1, grant that there have not been so many as during the same period in 1933. Why is this so? In the first place, 20 or 30 percent of the banking facilities of the country remain closed and have been closed since the bank holiday. Many banks have found it impossible to meet the requirements for reopening set up by the Government and have been compelled, therefore, to deny depositors their money, to withhold from their communities the banking service they ordinarily would perform. In this immediate neighborhood, Moundsville has 2 banks still closed and 2 others but lately relieved of restrictions. In Wellsburg one of the most important banks is closed. In Fairmont 2 banks, representing previous consolidations of 6 banks, are closed, with only 1 functioning in the community.

With the banking structure of the Nation reduced perhaps to 70 percent of its former size, it is not strange that the remaining banks, those strong enough to have weathered the storm, manage to keep open. But even these are operating merely as places for the retention of money. They are operating because they have in substance abdicated the legitimate function of banks, which is to assemble the funds of a community and loan these funds out for the conduct of business. They have the funds, but under existing conditions banks refuse to place them in normal circulation. Business conditions today are such that no banker dares grant a long-term loan, dares make a commitment for more than 90 days, or at the outside limit 6 months. No business man—with rare exceptions—can go to his bank and make a loan that does not contemplate repayment within 6 months. Banking, in other words, is a hand-to-mouth enterprise. No wonder the building of homes, the improvement and expansion of industrial plants, have practically ceased in this country.

The list of failures, of wild experimentation, might be carried on indefinitely. There are, for example, such enterprises as that at Reedsville, W.Va., where complete villages are being built by the Government and factory work created, for the purpose of settling idle miners and others in so-called "subsistence homesteads."

There is the Tennessee Valley enterprise, where the Government not only contemplates production of electricity on a gigantic scale—perhaps a worthy endeavor in itself—but envisions a stupendous development, with thousands of families actually transplanted into new and vastly improved territory at public expense.

There is the elaborate and puzzling invasion by the Government of the field of private financing. The various "administrations" having failed to restore employment and stimulate business, the wildness of the recovery program having prostrated banking, frightened business, and stagnated the vital permanent-goods industries, the Government now proposes to force the stimulation of home building. An elaborate housing program, "designed to put men to work, and to improve social and economic conditions", is in the making. It proposes that the Government guarantee loans up to 20 percent of their value, these to be made by private capital for the purpose of building homes and making repairs to homes.

There is the threat to American industry and American living standards contained in the reckless proposal to trade our home market for a chance to sell more goods abroad.

There is the disturbing influence of increasing invasion by the Government of fields of private enterprise.

There is the destructive effect of the whole program of price and wage and hour fixing.

There is the renewed tampering with silver to further unsettle the money situation.

Above all of this looms the depressing cloud of debt, which grows larger and hangs lower every day. In this wild enterprise to spend the country back to prosperity, the administration is rolling up the greatest debt in either the war-time or peace-time history of the Nation. During the fiscal year now drawing to a close, approximately $9,500,000,000 will have been spent, only 3 billions of which represent ordinary governmental expenditures. To meet this, the Government will have collected approximately $3,250,000,000, leaving a deficit of more than $7,000,000,000. Next year, in addition to a general expense outlay of $4,000,000,000, it already is proposed to spend $2,000,000,000 for relief—a figure which almost certainly will be increased substantially. So that, even if next year's spending does not exceed the early estimate, this country will wind up its fiscal affairs on June 30, 1935, with a public debt of $31,834,000,000, which will exceed by $7,000,000,000 the peak of the war debt in 1920.

When it is borne in mind that England, Canada, and other countries are farther along the road back to prosperity than we are; when it is realized that this vast enterprise known as the "new deal" is both retarding recovery and undermining our economic and governmental structure, isn't it apparent that the time has come when the American people must call a halt?

Mr. HATFIELD. In the editorial Mr. Ogden deals very intelligently and very practically with the resultant effects of the new-deal legislation. In the editorial Mr. Ogden proves that this un-American legislation is not helping, but has, in fact, retarded our recovery from the depression.

Mr. Ogden points cut that the debasement of the gold dollar which was supposed to increase the price of farm commodities, constituted a breach of public faith and at the same time resulted in a depreciation, or a reduction, of the purchasing power of all those gainfully employed without increasing the price of farm commodities, as many were led to believe would happen.

Mr. President, I commend the contents of this editorial to those Members of the Senate who desire to obtain a brief, impartial survey of the new-deal legislation. I have no hesitancy in saying that if the Congress of the United States were to listen to the advice of men like H. C. Ogden, who has made a success of business without exploiting labor, we would have enacted legislation of a type which would have placed the American people in a much better industrial, agricultural, and financial position than we enjoy at the present time.

THE CHACO

Mr. LONG. Mr. President, will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I yield.

[Mr. LONG addressed the Senate on conditions in the Chaco. His speech is published on p. 10808.]

MESSAGE FROM THE HOUSE—ENROLLED BILL AND JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the President pro tempore:

H.R. 9322. An act to provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes; and

H.J.Res. 352. Joint resolution to provide funds to enable the Secretary of Agriculture to cooperate with States in control of chinch bugs.

After the conclusion of the speech of Mr. THOMAS of Oklahoma,

RETIREMENT OF RAILROAD EMPLOYEES—NOTICE OF MOTION

Mr. HATFIELD. Mr. President, I give notice that at the conclusion of the consideration of the pending bill, I shall move that the Senate proceed to the consideration of the bill (S. 3231) to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, in order to meet some official engagements it is necessary for me to leave the Senate Chamber in a few minutes. I desire to have an executive session in order that a motion may be made to discharge a committee from the consideration of a nomination.

I therefore move that the Senate proceed to the consideration of executive business.

Mr. KING. A parliamentary inquiry.

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). The Senator will state it.

Mr. KING. I really wish to propound an inquiry to the Senator from Arkansas. Will the Senator call for a quorum?

Mr. ROBINSON of Arkansas. I do not intend to call for a quorum.

Mr. McNARY. Mr. President, I understand the Senator from Arkansas simply desires to enter a motion.

Mr. ROBINSON of Arkansas. Mr. President, I intend to make a motion. Of course, Senators well understand that a single objection to considering the motion on this day will carry it over, and I have been informed that an objection will be made to proceeding with the motion. I desire to make the motion now, and then if some Senator objects, under the rule it will go over.

Mr. McNARY. Then I suggest that no quorum is needed.

Mr. ROBINSON of Arkansas. That is why I am not suggesting the absence of a quorum. Of course, if the Senator from Utah desires to call for a quorum, he may do so.

Mr. KING. I have no desire to do that, but I think that when the matter is taken up for consideration there ought to be a quorum present.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. DIETERICH, from the Committee on the Judiciary, reported favorably the following nominations:

Fred A. Isgrig, of Arkansas, to be United States attorney, eastern district of Arkansas, to succeed Wallace Townsend, whose term expires June 9, 1934; and

Virgil Pettie, of Arkansas, to be United States marshal, eastern district of Arkansas, to succeed George L. Mallory, whose term expires June 9, 1934.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

If there be no further reports of committees, the calendar is in order.

THE CALENDAR—TREATIES

Mr. ROBINSON of Arkansas. I suggest that the treaties go over.

The PRESIDING OFFICER. Without objection, the treaties will be passed over.

THE JUDICIARY

The Chief Clerk read the nomination of E. P. Carville to be United States attorney for the district of Nevada.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DEPARTMENT OF THE INTERIOR

The Chief Clerk read the nomination of John Ward Studebaker, of Iowa, to be Commissioner of Education.

Mr. CLARK. Mr. President, I understand that heretofore the Senator from Iowa [Mr. MURPHY] has objected to this nomination, and wishes to discuss it.

Mr. ROBINSON of Arkansas. I had not been advised of that.

Mr. CLARK. I have no further information about the matter. I suggest that, in the absence of the Senator from Iowa, it be passed over.

Mr. ROBINSON of Arkansas. I think that is proper. Let the nomination go over.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

POSTMASTERS

The Chief Clerk read sundry nominations of postmasters.

Mr. ROBINSON of Arkansas. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc. That completes the calendar.

NOMINATION OF REXFORD G. TUGWELL—MOTION TO DISCHARGE

Mr. ROBINSON of Arkansas. Mr. President, I move that the Committee on Agriculture and Forestry be discharged from the further consideration of the nomination of Mr. Rexford G. Tugwell to be Under Secretary of Agriculture. I am ready to proceed with the motion if there is no objection.

The PRESIDING OFFICER. Is there objection?

Mr. McNARY. Mr. President, I am advised that a number of Members of the Senate desire that this matter go over under the rule. Therefore I shall object to the consideration of the motion at this time.

The PRESIDING OFFICER. Objection is made, and the motion will go over, under the rule.

Mr. ROBINSON of Arkansas. I concede that under the rule the motion must go over for the day.

I move that the Senate return to the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

MONETARY USE AND PURCHASE OF SILVER

The Senate resumed consideration of the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. FESS addressed the Senate. After having spoken for an hour, the following occurred:

Mr. PITTMAN. Mr. President, the leader on the other side, the Senator from Oregon [Mr. McNARY], has suggested that perhaps the Senator from Ohio would prefer to go on tomorrow morning.

Mr. FESS. I should very much prefer that course, if it be agreeable.

[Mr. FESS yielded the floor for the day. His speech will be published entire after it shall have been concluded.]

GOVERNMENT CONTRACTORS

Mr. LOGAN. Mr. President, I ask unanimous consent for the immediate consideration of House bill 9002. It is a bill introduced at the request of the Treasury Department. Some amendments have been proposed by the Senate committee. The bill has been approved as to procedure by the General Accounting Office.

The purpose of the bill is to take care of the increased cost of labor and material made necessary to persons having contracts with the Government when they accepted the N.R.A. code. It is approved unanimously by the Judiciary Committee.

The reason why I am now asking for consideration of the bill out of order, which is something I rarely do, is that I am receiving hundreds of letters and telegrams every day concerning the bill, and I wish to remove that burden. I mentioned the matter yesterday to the Senator from Oregon [Mr. McNARY] and also to the Senator from Arkansas [Mr. ROBINSON]. I think the bill will call for no debate.

Mr. McNARY. Mr. President, I am sorry to inform the Senator from Kentucky that two or three Senators with whom I discussed the bill said they would like to look into it, and asked that it be postponed for a day or two.

Mr. LOGAN. Very well.

Mr. McNARY. Under those conditions I think we would save time if we should wait until we have the next call of the calendar, which will be on Saturday of this week, or the first of next week.

Mr. LOGAN. The reason why I asked unanimous consent to have the bill taken up at this time is that a great many letters and telegrams are being received about it, and I should like very much to get it out of the way. However, I shall ask to have the bill called up later.

MONETARY USE AND PURCHASE OF SILVER

The Senate resumed consideration of the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

RECESS

Mr. PITTMAN. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 32 minutes p.m.) the Senate took a recess until tomorrow, Friday, June 8, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 7 (legislative day of June 6), 1934

UNITED STATES ATTORNEY

E. P. Carville to be United States attorney, district of Nevada.

POSTMASTERS

ARKANSAS

Fred W. Lemay, Alicia.
Earl T. Estes, Calico Rock.
Wyeth S. Daniel, Marshall.
Henry M. Landers, Murfreesboro.
Paul Janes, Ravenden.
Jesse T. Howard, Smithville.

COLORADO

Carl E. Wagner, Fort Morgan.

CONNECTICUT

Charles F. Schaefer, Greens Farms.

FLORIDA

Sidney E. Livingston, Homestead.
James L. Richbourg, Laurelhill.

IDAHO

Angus G. David, Bovill.

IOWA

Hans E. Eiel, Buffalo Center.

MASSACHUSETTS

Dominick F. Corrigan, Fall River.
John E. Harrington, North Chelmsford.

MISSISSIPPI

Ida F. Thompson, Dlo.
Ida E. Ormond, Forest.
Virginia B. Duckworth, Prentiss.

NEW JERSEY

Frank Tilton, Avon by the Sea.
Robert H. McKinney, Barrington.
John P. Euler, Belford.
Daniel T. Hagans, Blackwood.
James D. Magee, Bordentown.
Ethel H. McDonald, Englishtown.
Edwin Case, Flemington.
Martin E. Carroll, Lawrenceville.
Carl M. Hermann, Milltown.
Francis S. Doyle, New Lisbon.
Joseph J. McNally, Park Ridge.
William T. Johnson, Point Pleasant.
Dominic Soriano, Raritan.
S. Dana Ely, Rutherford.
Andrew D. Wilson, Stockton.
Thomas Whittington, Sea Isle City.
Franke Carter, Tenafly.
Helen S. Elbert, Vincentown.

NEW MEXICO

Perla E. Darbyshire, Anthony.
Helen M. Sears, Capitan.
Dolores I. Lujan, Des Moines.
J. Robert McNeil, Dexter.
Dominic Rollie, Gallup.
George T. Meyers, Hillsboro.
Eugene Montague, Lordsburg.
Hezekiah Hall, Magdalena.
Rosalie Branch, Mora.
Canuto Gonzales, Roy.
Hayden L. Greene, Santa Rita.

NORTH CAROLINA

Wiley G. Hartzog, Boone.
John R. Hughes, Madison.
Karl M. Cook, Mount Pleasant.

OKLAHOMA

Elmer C. Croom, Okmulgee.

PUERTO RICO

America R. de Graciani, Ensenada.

WISCONSIN

John F. Loschky, Arpin.
Dominic W. Riley, Baldwin.
George Heiderer, Butternut.
Alfa Ruth Anderson, Colfax.
Anna Loftus, De Soto.
Henry J. Gramling, Jr., Dousman.
Walter H. Emanuel, Fairchild.

HOUSE OF REPRESENTATIVES

Thursday, June 7, 1934

(Legislative day of Monday, June 4, 1934)

The recess having expired, the House was called to order by the Speaker at 11 o'clock a.m.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills and joint resolutions of the House of the following titles:

H.R. 311. An act for the relief of Martin Henry Waterman, deceased;

H.R. 1405. An act for the relief of the Yosemite Lumber Co.;

H.R. 2035. An act for the relief of Jennie Bruce Gallahan;

H.R. 2287. An act for the relief of Warren Burke;

H.R. 2692. An act for the relief of Lula A. Densmore;

H.R. 2748. An act for the relief of A. C. Francis;

H.R. 2749. An act for the relief of E. B. Rose;

H.R. 3167. An act for the relief of Sue Hall Erwin;

H.R. 3214. An act to compensate the Post Office Department for the extra work caused by the payment of money orders at offices other than those on which the orders are drawn;

H.R. 3353. An act to provide a preliminary examination of Stillaguamish River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3354. An act to provide a preliminary examination of Snohomish River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3362. An act to provide a preliminary examination of the Nooksack River and its tributaries in the State of Washington, with a view to the control of its floods;

H.R. 3363. An act to provide a preliminary examination of Skagit River and its tributaries in the State of Washington, with a view to the control of its flood;

H.R. 3423. An act for the relief of Benjamin Wright, deceased;

H.R. 3768. An act to change the name of the retail liquor dealers' stamp tax in the case of retail drug stores or pharmacies;

H.R. 3992. An act for the relief of C. A. Betz;

H.R. 4272. An act for the relief of Annie Moran;

H.R. 4541. An act for the relief of George Dacas;

H.R. 4932. An act for the relief of Judd W. Hulbert;

H.R. 4962. An act for the relief of Joseph B. Lynch;

H.R. 5175. An act to provide a preliminary examination of the Green River, Wash., with a view to the control of its floods;

H.R. 5312. An act to provide for the conveyance of the abandoned lighthouse reservation and buildings, including detached tower, situate within the city limits of Erie, Pa., to the city for public-park purposes;

H.R. 5334. An act to amend the third clause of section 14 of the act of March 3, 1879 (20 Stat. 359; U.S.C., title 39, sec. 226);

H.R. 5522. An act to amend the Standard Baskets Act of August 31, 1916, to provide for a 1-pound Climax basket for mushrooms;

H.R. 5597. An act to afford permanent protection to the watershed and water supply of the city of Coquille, Coos County, Oreg.;

H.R. 5636. An act for the relief of Jose Ramon Cordova;

H.R. 5665. An act authorizing the control of floods in the Salmon River, Alaska;

H.R. 5780. An act for the relief of Lt. H. W. Taylor, United States Navy;

H.R. 5823. An act to authorize the purchase by the city of McMinnville, Oreg., of certain tracts of public lands and certain tracts revested in the United States under the act of June 9, 1916 (39 Stat. 218);

H.R. 5935. An act for the relief of Oscar P. Cox;

H.R. 6246. An act granting 6 months' pay to Annie Bruce;